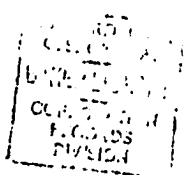


Am. S. & A.  
see letter to share holders  
in this report  
Jan 1957  
2957



1957 ANNUAL REPORT

RAPID - AMERICAN CORPORATION

**FIFTY-NINTH ANNUAL REPORT**



**RAPID-AMERICAN CORPORATION**

**For The Year Ended December 31, 1957**



**EXECUTIVE AND  
GENERAL SALES  
OFFICE:** **RAPID-AMERICAN CORPORATION**  
*711 Fifth Avenue, New York 22, New York*

**DIVISIONS:** **AMERICAN COLORTYPE COMPANY**  
**AMERICAN CATALOG COMPANY**  
**COLORTYPE PUBLISHING COMPANY**  
**THE AMERICAN ART WORKS**  
**THE RAPID ELECTROTYPE COMPANY**

**PLANTS:** **CHICAGO, ILLINOIS**  
**CINCINNATI, OHIO**  
**COSHOCOTON, OHIO**  
**DETROIT, MICHIGAN**  
**NEW YORK, NEW YORK**  
**PHILADELPHIA, PENNSYLVANIA**  
**SAN FRANCISCO, CALIFORNIA**

**TRANSFER AGENT:** **CHEMICAL CORN EXCHANGE BANK**  
*New York City*

**REGISTRAR:** **IRVING TRUST COMPANY**  
*New York City*

**COUNSEL:** **HARRY H. WACHTEL**  
*New York City*

**LISTING:** **AMERICAN STOCK EXCHANGE**  
*(Common Stock and Bonds)*

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<b>DIRECTORS:</b>	B. GERALD CANTOR	MESHULAM RIKLIS
	HAROLD S. DIVINE	LORENCE A. SILVERBERG
	BURT KLEINER	MELVIN UNTERMAN
	ROBERT P. MILLER	HARRY H. WACHTEL

<b>ADVISORY DIRECTORS:</b>	MARK F. BECK	JEROME K. JELIN
	LIONEL BELL	FRED KORROS
	CLIFFORD E. CATTON	ALFRED T. MANACHER
	JOHN J. DODEREAU	EUGENE MILLER
	MAX A. DREYER	WILLIAM P. MULVANEY
	JOE FLIEGEL	EDWARD OKNEY
	JULES GURSTEL	JACOB I. ROSENBAUM
	IRVING B. HAASS	ARTHUR R. ROY

IRVIN E. SCHERMER

<b>OFFICERS:</b>	MESHULAM RIKLIS	<i>President and Chairman of the Board</i>
	B. GERALD CANTOR	<i>Vice Chairman</i>
	MARK F. BECK	<i>Vice President</i>
	HAROLD S. DIVINE	<i>Vice President</i>
	ROBERT P. MILLER	<i>Vice President</i>
	HARRY C. ROWE	<i>Vice President</i>
	MELVIN UNTERMAN	<i>Vice President</i>
	HARRY H. WACHTEL	<i>Vice President</i>
	JOHN P. FEELEY	<i>Treasurer</i>
	CLIFFORD E. CATTON	<i>Secretary</i>



## *To Shareholders of Rapid-American Corporation:*

### GENERAL:

On December 31, 1957, American Colortype Company was merged with The Rapid Electrottype Company. Consequently, your Company became known as Rapid-American Corporation on that date. To provide you with information as to the achievements of the combined Companies, set forth below is the record, in consolidated detail, for 1957.

### SALES AND EARNINGS:

The year, ended December 31, 1957, showed consolidated net sales of \$18,156,412. After provision for all taxes, consolidated net income, including special item, totaled \$392,012. After deducting \$60,110 applicable to former minority shareholders, since eliminated, consolidated net earnings applicable to shareholders of Rapid-American Corporation, amounted to \$331,902. This was equal to \$.52 per share.

In regard to the above figures, it should be pointed out that the Company, in 1957, contributed nearly \$200,000 to Employee Profit Sharing Plans, as well as expensing-out a substantial amount of money for installation of new office and plant methods, cost controls, revised equipment layouts, improved production flow systems, and other necessary internal modernizations. There were also various non-recurring expenses in connection with the merger at the year's end. Other important events included the establishment of a full-time Central Management Staff as well as certain necessary executive echelon personnel additions which

have materially strengthened our overall corporation structure.

### DIVIDENDS:

The Board of Directors of Rapid-American Corporation voted a dividend of 12½ cents per share for the first quarter of 1958 which was paid March 20th.

### OPERATIONS:

Company operations were basically satisfactory for 1957, when viewed against a generally declining national economic background, particularly during the last six months of the year. A division by division report follows:

#### American Colortype Company: (Printing)

Sales increased nearly 14% above 1956, primarily due to an aggressive sales program. Income, however, was reduced as a result of a combination of factors. These included increased costs of obtaining business, certain problems in connection with the installation and operation of new equipment, and the effects of mounting competitive pressures. Therefore, after due deliberation, it was concluded that this division would be far more profitable if it were operated as a unit of a national printing concern maintaining plants in various areas of the country. With this in mind, your Company is in the process of entering into an arrangement for the sale of this division's assets, including building, machinery and inventory, to a newly organized corporation affiliated with J. W. Clement Company, one of the country's well known printing concerns, with principal plants in Buffalo, Los

Angeles, and San Francisco. The proceeds from this sale will, in turn, be used for accelerating the expansion in other areas of Company activity.

#### Colortype Publishing Company:

Income of this company, which produces greeting cards, valentines, and decorative cards, tags and seals, improved substantially over an operating loss incurred the previous year. This good progress accrued mainly from economies effected in manufacturing procedures. For 1958, product lines of this division are being broadened to include gift wrappings and other additions yet to be announced. New sales management, expanded field sales coverage, as well as completely redesigned lines and packagings, give rise to an air of excitement throughout all divisional personnel.

#### The American Art Works:

Results of this division were totally unsatisfactory for 1957. Its business, mainly the production of metal signs and displays for large national advertisers, truly suffered from sharply declining sales and the inevitable resulting rise in manufacturing costs. This, coupled with substantial inventory write-offs, combined to produce a loss of approximately \$314,000. While the future is still not bright, your management has instituted a program of the most stringent cost controls and has brought in a new general manager to work with members of the Company's Central Management Staff in the hope of reversing this division's sales and earnings trend.

#### American Catalog Company:

To share in the growth of the vigorous catalog mail-order industry, your Company recently took advantage of the opportunity to purchase the L. & C. Mayers Company in New York. Negotiations have also progressed towards the acquisition of a similar company in Philadelphia. It is contemplated that these new operating units will make their fair contribution to our 1958 earnings. They will operate under a new division named American Catalog Company.

#### The Rapid Electrotpe Company:

This firm, embracing the facilities of five plants, experienced a profitable 1957, although earnings were below that of the previous year. Cut-backs in certain advertising appropriations of the automobile companies affected earnings of our Detroit plant. The other plants also reported somewhat reduced earnings. Looking ahead, part of the merger program calls for the ability to obtain certain operational and administrative economies, which are now being put into effect. Therefore, these collateral benefits together with an anticipated increase in sales, particularly in the second half of 1958, justify the betterment in projections for this division as a whole. First quarter earnings also bear out this forecast to date.

#### EMPLOYEE PROGRAM:

To provide the widely-accepted incentive for future earnings and growth of your Company, a Restricted Stock Option Plan

will be presented for Shareholders' approval at the forthcoming annual meeting. Also to be submitted for approval, will be a plan for the purchase of stock, by all employees. These are a part of the Company's continuing overall Employee Benefit Program.

#### INVESTMENT:

Since the last report, your Company increased its stock holdings in Butler Brothers. As of April 1, 1958, ownership amounted to 247,800 shares, or approximately 25% of the total number of outstanding shares of that Company. Butler Brothers enjoyed an increase in both sales and earnings for 1957. Sales reached \$139,-472,428 providing net income of \$2,742,119, after taxes. The most noteworthy milestone in the Butler Brothers operation for 1957, was the acquisition of the 128 unit chain of T. G. & Y. Stores, Co., and prospects are favorable for an overall sales gain again in 1958, according to the Company's management.

#### CORPORATE CHANGES:

The following gentlemen were elected officers of Rapid-American Corporation: M. Riklis, President and Chairman of the Board; B. Gerald Cantor, Vice Chairman of the Board; Melvin Unterman, Vice President, and President of American Color-type Company, division; Robert P. Miller, Vice President, and President of Colortype Publishing Company, division; Mark F. Beck, Vice President, and President of The Rapid Electrotpe Company, division;

Harold S. Divine, Vice President, and President of The American Art Works, division; Harry C. Rowe and Harry H. Wachtel, Vice Presidents; John P. Feeley, Treasurer; and Clifford E. Catton, Secretary.

#### REGISTRATION AND TRANSFER:

The Irving Trust Company of New York was named registrar for the Company's stock as of the beginning of the year. The Chemical Corn Exchange Bank of New York continues as transfer agent.

#### SUMMARY:

It is hoped the foregoing provides you with the type of complete information you desire, which is your managements' attempt at all times.

I should like to call your attention to the five-year review of the Company contained on the final page, which has been included at the request of various Shareholders.

In closing, I would like to welcome those who became Shareholders during 1957, and extend my sincere thanks to Board Members, Officers, Employees, and Shareholders of the Company for their continued inspiring support.

Respectfully,



President and Chairman of the Board

April 3, 1958



**RAPID-AMERICAN CORPORATION**  
**AND WHOLLY-OWNED SUBSIDIARY (NOTE 1)**

*Statement of Consolidated Income*

For the Year Ended  
December 31, 1957

NET SALES*		\$18,156,412
COST OF PRODUCTS SOLD		<u>14,144,967</u>
Gross profit from manufacturing operations		\$ 4,011,445
OTHER REVENUES:		
Dividends (Note 2)		189,360
Royalties		93,815
Interest		35,361
Miscellaneous—net		<u>42,626</u>
Total		\$ 4,372,607
DEDUCT:		
Selling, general, and administrative expenses	\$3,481,394	
Interest expense	216,741	
Contributions to employee plans	<u>196,666</u>	3,894,801
INCOME BEFORE FEDERAL INCOME TAX.		\$ 477,806
PROVISION FOR FEDERAL INCOME TAX (Note 8)		<u>192,000</u>
NET INCOME BEFORE MINORITY INTEREST		\$ 285,806
DEDUCT AMOUNT APPLICABLE TO FORMER MINORITY INTEREST (Note 1)		<u>60,110</u>
NET INCOME APPLICABLE TO SHAREHOLDERS OF RAPID-AMERICAN CORPORATION		\$ 225,696
SPECIAL ITEM—Net profit on disposal of property and plant (less Federal income tax of \$35,000)		<u>106,206</u>
NET INCOME AND SPECIAL ITEM APPLICABLE TO SHAREHOLDERS OF RAPID-AMERICAN CORPORATION		<u><u>\$ 331,902</u></u>

\*See Note 3 regarding negotiations for sale of the Printing Division.

See notes to financial statements.





**RAPID-AMERICAN CORPORATION**  
**AND WHOLLY-OWNED SUBSIDIARY (NOTE 1)**

*Assets*

**CURRENT ASSETS:**

Cash . . . . . \$ 541,800

**Receivables:**

Trade (less allowance of \$134,079 for doubtful accounts) . . . . 3,264,276

Other . . . . . 156,800

Inventories (at lower of cost or market) . . . . . 2,242,777

Total current assets . . . . . \$ 6,205,653

**INVESTMENT IN COMMON STOCK OF BUTLER BROTHERS—**

At cost (Note 2) . . . . . 3,673,031

**COMMON STOCK OF RAPID-AMERICAN CORPORATION HELD  
FOR DISTRIBUTION UNDER EMPLOYEE PLANS—**

50,069-17/20 shares (Note 6) . . . . . 98,846

**PROPERTY, PLANT, AND EQUIPMENT—At cost (less accumulated  
depreciation of \$5,661,552) (Notes 3 and 7) . . . . .**

**5,844,485**

**OTHER ASSETS AND DEFERRED CHARGES . . . . . 159,561**

**TOTAL . . . . . \$15,981,576**

*See notes to financial statements.*

# CONSOLIDATED BALANCE SHEET

DECEMBER 31, 1957

## *Liabilities*

### CURRENT LIABILITIES:

Accounts payable . . . . .	\$ 1,026,097
Accrued liabilities:	
Federal income taxes . . . . .	645,591
Other taxes . . . . .	164,920
Payrolls, commissions, etc. . . . .	257,963
Interest . . . . .	31,984
Payment due within one year on 7% Sinking Fund Subordinated Debentures . . . . .	365,000
Total current liabilities . . . . .	\$ 2,491,555

### OTHER LIABILITIES:

7% Sinking Fund Subordinated Debentures, due Novem- ber 15, 1967 (Note 5) . . . . .	\$4,590,040
Less amount classified as a current liability (Note 5) .	365,000
Remainder . . . . .	\$4,225,040
5% Subordinated Convertible Debentures, due November 1, 1959 (Note 4) . . . . .	656,250
Secured note payable, due May 1, 1959 (Note 2) . . .	1,000,000
	5,881,290

### SHAREHOLDERS' EQUITY (per accompanying statement):

Common capital stock—authorized 1,500,000 shares of \$1 par value each; issued 691,939-17/20 shares (Notes 4 and 6) . . . . .	\$ 691,940
Capital surplus . . . . .	4,095,489
Earned surplus. . . . .	2,821,302
TOTAL . . . . .	7,608,731
	\$15,981,576



**RAPID-AMERICAN CORPORATION**  
AND WHOLLY-OWNED SUBSIDIARY (NOTE 1)

*Statement of Shareholders' Equity*

For the Year Ended December 31, 1957

	TOTAL	OUTSTANDING COMMON STOCK	CAPITAL SURPLUS	EARNED SURPLUS
<b>BALANCE, JANUARY 1, 1957, REPRESENTING THE EQUITY OF SHAREHOLDERS OF THE RAPID ELECTROTYPE COMPANY:</b>				
The Rapid Electrottype Company and wholly-owned subsidiary . . . . .	\$4,342,787	\$286,926	\$1,156,544	\$2,899,317
Excess of equity in net assets of American Colortype Company (52.73% owned at January 1, 1957) over cost of investment . . . . .	1,602,762	(1,000)	1,240,061	363,701
<b>Total . . . . .</b>	<b>\$5,945,549</b>	<b>\$285,926</b>	<b>\$2,396,605</b>	<b>\$3,263,018</b>
<b>EQUITY CHANGES—The Rapid Electrottype Company:</b>				
Net income and special credit for the year ended December 31, 1957, per accompanying statement of consolidated income . . . . .	331,902			331,902
Cash dividends paid, \$.50 a share . . . . .	(313,228)			(313,228)
Two-for-one stock split in January 1957 (par value of 286,926 shares) . . . . .	—	286,926	(286,926)	
5% stock dividend in May, 1957 (market value of 30,693 shares) . . . . .	—	30,693	429,697	(460,390)
Sale of 40,000 shares of stock under a stock option agreement (Note 6) . . . . .	300,000	40,000	260,000	
Treasury stock (45,869-17/20 shares) reclassified as outstanding due to designation for distribution under employee plans (Note 6) . . . . .	45,870	45,870		
Capital surplus arising in connection with acquisition of minority interest of American Colortype Company through exchange for 7% Sinking Fund Subordinated Debentures referred to in Note 5 (representing the excess of the minority interest of \$4,173,359 in American over \$3,290,480 principal amount of debentures) . . . . .	882,879		882,879	
Miscellaneous, including 1,673 shares of common stock issued in connection with conversion of \$18,750 principal amount of convertible debentures (Note 4) . . . . .	50,946	2,525	48,421	
<b>MERGER:</b>				
Capital surplus arising in connection with the merger of American Colortype Company into The Rapid Electrottype Company (representing the excess of the minority interest of \$1,664,373 in American at December 31, 1957 over \$1,299,560 principal amount of 7% Sinking Fund Subordinated Debentures to which such holders of American stock were entitled) . . . . .	364,813		364,813	
<b>BALANCE, DECEMBER 31, 1957, REPRESENTING THE EQUITY OF SHAREHOLDERS OF RAPID-AMERICAN CORPORATION . . . . .</b>	<b>\$7,608,731</b>	<b>\$691,940</b>	<b>\$4,095,489</b>	<b>\$2,821,302</b>

See notes to financial statements.

( ) Denotes deduction.

# Notes To Financial Statements

## 1. MERGER:

American Colortype Company (American) was merged with and into The Rapid Electrottype Company (Rapid) as of December 31, 1957. Since that date, Rapid, the surviving corporation, has been known as Rapid-American Corporation (Rapid-American). Immediately prior to the merger, Rapid owned 208,049 shares, or approximately 86.5%, of the outstanding common stock of American. Under the terms of the Agreement of Merger, minority holders of American common stock (32,489 shares) were entitled to receive in exchange for each share \$40 principal amount of 7% Sinking Fund Subordinated Debentures of Rapid-American (see Note 5); each share of Rapid common stock was converted into a share of Rapid-American common stock.

## 2. INVESTMENTS:

Butler Brothers—At December 31, 1957, Rapid-American owned 131,400 shares of the common stock of Butler Brothers, all of which were pledged as collateral to Rapid-American's secured 5½% note payable of \$1,000,000; the quoted market value of these shares was \$2,923,650 (\$3,383,650 at March 18, 1958); and Rapid-American's equity in the net assets of that company (based upon the balance sheet in the annual report of Butler Brothers to its shareholders) was \$276,000 in excess of the cost of the investment. Since December 31, 1957, Rapid-American acquired additional shares of Butler Brothers, and at March 18, 1958 owned 237,600 shares (approximately 24% of the common stock of that company, at March 18, 1958, 131,400 shares of Butler Brothers were pledged as collateral to the secured note payable of Rapid-American, which note had increased to \$1,600,000 at that date, and 102,100 shares were pledged to secure additional borrowings (short-term) of \$1,225,200.

L & C Mayers Company—On March 10, 1958, Rapid-American acquired all of the outstanding common stock of L & C Mayers Company.

## 3. SALES OF PROPERTIES:

In December 1957, Rapid sold certain of its plant properties to The Rapid Electrottype Profit Sharing Trust under a sale and leaseback agreement. The sale price of \$400,000 was approximately \$141,000 more than the net book value of the properties.

At December 31, 1957, current liabilities included a deposit of \$60,000 received from The American Colortype Employee Plan in connection with a contract to sell Rapid-American's Roscoe Street Plant in Chicago which had a net book value of approximately \$283,000 at December 31, 1957. The premises are to be leased back to the seller.

At March 18, 1958, Rapid-American was negotiating for the sale of the plant, equipment, and inventories of its Chicago Printing Division for their net book value. Net sales of that Division for 1957 were approximately \$8,650,000.

## 4. 5% SUBORDINATED CONVERTIBLE DEBENTURES:

During 1957, the interest rate on the Convertible Debentures was reduced from 5½% to 5% and the maturity date was extended to November 1, 1959. During the year, Debentures amounting to \$18,750 were converted into 1,673 shares of common stock, and at December 31, 1957, 58,645 shares of common stock of Rapid-American were reserved for further conversion. On March 14, 1958, the Company called the outstanding Debentures for redemption; it is expected that substantially all of the Debentures will be converted into shares of common stock at the conversion price of \$11.19 a share (after giving effect to the two-for-one stock split and 5% stock dividend in 1957).

## 5. 7% SINKING FUND SUBORDINATED DEBENTURES:

In November 1957, Rapid authorized \$6,500,000 principal amount of 7% Sinking Fund Subordinated Debentures, such debt to be subordinated to all other indebtedness for borrowed money for which Rapid was or might become liable to repay as principal, guarantor, or otherwise. An exchange offer was made to minority shareholders of American under which Rapid would issue for each share of American common stock \$40 principal amount of these Debentures.

At December 31, 1957, a liability of \$4,590,040 on account of the Debentures is shown in the consolidated balance sheet. This liability includes \$3,290,480 principal amount exchanged for 82,262 shares of American stock, and \$1,299,560 principal amount to be issued for 32,489 shares of American stock pursuant to the merger agreement referred to in Note 1. Also at that date, authorized but unissued Debentures in the principal amount of \$199,000 were reserved for issuance to participants in the American Colortype Employees' Common Stock Subscription Plan in lieu of 4,975 shares of American common stock to which the employees were entitled to subscribe prior to the merger.

During the period from January 1 to March 18, 1958, addi-

tional Debentures of \$1,504,000 were issued for 47,000 shares of common stock of Butler Brothers (Note 2). At the latter date, the liability for Debentures amounted to \$6,094,040.

Rapid-American is obligated to make annual sinking fund payments (or to deposit principal amounts of reacquired Debentures) on each November 15 sufficient to redeem the following percentages of Debenture principal outstanding on the preceding October 31: 1958—6%; 1959—8%; 1960 through 1966—10%. In the accompanying consolidated balance sheet, the sinking fund payment due on November 15, 1958 is shown in current liabilities on the basis of the estimated amount of Debentures to be outstanding at October 31, 1958. From January 1 to March 18, 1958, \$146,480 principal amount of Debentures had been repurchased by Rapid-American in anticipation of sinking fund requirements.

## 6. COMMON STOCK:

In January 1957, the Rapid shareholders approved an increase in authorized common stock from 600,000 shares to 1,500,000 shares, and the issued shares were split on a two-for-one basis, the par value of \$1 each remaining unchanged. A 5% stock dividend was paid on May 10, 1957.

On April 2, 1957, the Chairman of the Board of Rapid exercised an option (granted in December 1955 at the approximate market value of the shares) to purchase 40,000 shares of common stock at \$7.50 a share. The option price was determined after giving effect to the two-for-one common stock split in January 1957. The excess of the proceeds (\$300,000) over the par value (\$40,000) of the stock issued, or \$260,000, was credited to capital surplus. There was no charge to income with respect to this option.

On February 6, 1958, the Board of Directors of Rapid-American adopted a Restricted Stock Option Plan (under which 75,000 shares of the Company's common stock, including common stock in treasury, will be subject to option) and an Employees' Stock Purchase Plan (under which 30,000 shares of the Company's common stock, including common stock in treasury, will be subject to offer) both plans being subject to approval of shareholders at the annual meeting to be held in May 1958.

## 7. DEPRECIATION AND RENTALS:

For the year 1957, depreciation of property, plant, and equipment amounted to \$510,763, and charges for rentals under long-term leases amounted to \$150,248. On the basis of long-term leases in effect as of December 31, 1957, rentals will amount to approximately \$231,000 annually.

(With respect to properties acquired since December 31, 1953, American has provided for depreciation under the sum-of-the-years-digits method except that certain new properties acquired in 1957 were depreciated under the straight-line method. This special modification had the effect of reducing the provision for depreciation for 1957 by approximately \$38,000, and of increasing the net income and special item in the amount of \$21,000 after minority interest.

## 8. FEDERAL INCOME TAX:

Federal income tax returns of Rapid have been examined by the Internal Revenue Service through the year ended December 31, 1953. Subsequent years have not been examined. Federal income tax returns of American for the three years ended December 31, 1956 are now under examination by the Internal Revenue Service. There has been no final determination of liability for that period. For the year 1957, no provision for Federal income tax was required as to American because there is included in income substantial amounts of dividends which are accorded special treatment for tax purposes.

## 9. OTHER MATTERS:

(a) On June 24, 1957, litigation was commenced against American Colortype Company seeking judgment for approximately \$5,000,000. Company counsel is of the opinion that American Colortype Company has good and meritorious defenses and counterclaims to the action, and that the action arose out of an alleged contract entered into by a former employee without authority and contrary to the specific direction of the Company's Board of Directors.

(b) Rapid-American was contingently liable in the amounts of \$350,000 and \$300,000 at December 31, 1957 and March 18, 1958, respectively, in connection with notes receivable discounted at banks.

(c) The Indenture covering the 7% Sinking Fund Subordinated Debentures contains covenants which might affect the declaration or payment of dividends, or other distributions or purchases of the Company's stock. At December 31, 1957, not more than \$4,331,902 could be used for such purposes under the Indenture.

## RAPID-AMERICAN CORPORATION:

### Accountants' Certificate

We have examined the consolidated balance sheet of Rapid-American Corporation and wholly-owned subsidiary as of December 31, 1957 and the related statements of consolidated income and shareholders' equity (see Note 1 to the financial statements) for the year then ended. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

In our opinion, the accompanying consolidated balance sheet and statements of consolidated income and shareholders' equity, with their notes, present fairly the financial position of the companies at December 31, 1957 and the results of their operations for the year then ended, in conformity with generally accepted accounting principles applied on substantially a consistent basis.

Cincinnati,  
March 18, 1958.

HASKINS & SELLS  
Certified Public Accountants



**RAPID-AMERICAN CORPORATION**  
AND WHOLLY-OWNED SUBSIDIARY

*Five Year Summary of Financial and Operating Data*

	1957	1956(1)	1955	1954	1953
CURRENT ASSETS . . . . .	\$ 6,205,653	\$10,642,719	\$2,739,138	\$2,309,301	\$2,245,057
CURRENT LIABILITIES . . . . .	\$ 2,491,555	\$ 4,936,884	\$ 727,632	\$ 554,259	\$ 602,565
WORKING CAPITAL . . . . .	\$ 3,714,098	\$ 5,705,835	\$2,011,506	\$1,755,042	\$1,642,492
INVESTMENTS . . . . .	\$ 3,673,031	\$ 269,730	—	—	—
PLANT AND EQUIPMENT—Net . .	\$ 5,844,485	\$ 5,296,347	\$1,033,675	\$1,061,446	\$1,022,774
LONG-TERM DEBT . . . . .	\$ 5,881,290	\$ 1,045,000	—	—	—
MINORITY INTEREST . . . . .	—	\$ 5,819,525	—	—	—
NET SALES . . . . .	\$18,156,412	\$16,330,108	\$4,846,025	\$4,215,194	\$4,173,706
NET INCOME . . . . .	\$ 331,902(2)	\$ 1,070,400(2)	\$ 438,593	\$ 308,814	\$ 376,776
NET INCOME PER SHARE (shares out- standing at end of year) (3) . . . .	\$ .52	\$1.78	\$ .84	\$ .59	\$ .72
DIVIDENDS PER SHARE (3) . . . .	\$ .50(4)	\$ .65	\$ .36	\$ .30	\$ .30
SHAREHOLDERS' EQUITY . . . . .	\$ 7,608,731	\$ 5,945,549	\$3,102,204	\$2,849,283	\$2,695,195
BOOK VALUE PER SHARE (3) . . . .	\$11.85	\$ 9.90	\$5.97	\$5.48	\$5.18
SHARES OF COMMON STOCK OUT- STANDING (3) . . . . .	641,870	600,445	519,893	519,893	519,893

NOTES: (1) Includes American Colortype Company from May 1956.

(2) Includes special credits, net of income tax, of \$665,283 in 1956 (after minority interest) and \$106,206 in 1957.

(3) Applicable to shareholders of Rapid-American Corporation (formerly The Rapid Electrottype Company) only. Based upon shares outstanding at the end of each period, after applying retroactively the two-for-one splits of the common stock in January 1956 and 1957, and 5% stock dividend in May 1957.

(4) Plus 5% stock dividend.



A duplicate  
is filed  
in Org.

76 Annual Report

for 1957

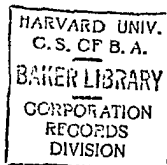
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Annual  
Reports  
1958

## GLEN ALDEN CORPORATION

16 South River Street

Wilkes-Barre, Pa.



March 20, 1958

To the Stockholders of

GLEN ALDEN CORPORATION:

At the Annual Meeting to be held April 11, 1958 the stockholders of Glen Alden Corporation will be offered an opportunity of taking action upon a matter which, in the opinion of your Board of Directors, is of the utmost importance and which the Board unanimously recommends as being in the best interests of Glen Alden and its stockholders.

As you will note from the enclosed Notice of Annual Meeting and the accompanying Proxy Statement, it is proposed that Glen Alden, with the approval of its stockholders, acquire the assets and assume the liabilities of List Industries Corporation by the issue of Glen Alden shares on the basis of five shares of Glen Alden for each six shares of List Industries. The present outstanding shares of Glen Alden will remain unchanged.

In October, 1957 a subsidiary of List Industries Corporation acquired approximately 38.5% of the outstanding stock of your Corporation for \$8,719,109 cash as the result of a general offer to our stockholders to purchase their shares at \$12.50 per share. Three members of the Board of Directors of List Industries Corporation were thereupon invited to become directors of Glen Alden.

Since becoming familiar with the operations and the management of List Industries Corporation, your Management and Directors have studied the possible desirability of a combination of the properties and businesses of that corporation and Glen Alden. They have concluded that such a combination would be in the best interests of the stockholders of this Corporation. This will result in a major further diversification of Glen Alden, giving our stockholders a substantial interest in the various businesses in which List Industries Corporation and its subsidiaries are engaged. Substantial savings in administrative and other expenses are anticipated to result from the establishment of a common management of all of the properties and operations of both corporations and their subsidiaries.

Another important factor which has influenced the decision of your Board of Directors in recommending the transaction is that by taking this step the working capital position and financial resources of Glen Alden will be greatly strengthened. One of the major problems presently facing Glen Alden is the financing of the business of its Mathes Division. Obligations of approximately \$8,600,000 (as of March 1, 1958) had been incurred on a short term basis, of which \$7,600,000 (represented by \$5,100,000 of discounted receivables and \$2,500,000 of borrowings on a 30-day basis) was for the Mathes Division and \$1,000,000 was for coal operations.

On consummation of the proposed transaction with List Industries, there would be available for financing these temporary obligations new bank credit arrangements referred to on page 13 of the Proxy Statement.

List Industries Corporation, whose shares are listed on the New York Stock Exchange, directly and through subsidiaries is engaged in the motion picture theatre business, textile finishing, automotive piston manufacture, and warehousing, and has oil and gas properties and other real estate properties and investments. Its properties and business are described in detail at pages 12 to 19 of the accompanying Proxy Statement and its financial statements are set forth at pages 33 to 45. Its earnings per share are tabulated on page 4 of the Proxy Statement. Approximately 48.6% of its outstanding stock is owned by Mr. Albert A. List, its Chairman of the Board and President, and his family, family trusts, and a family charitable foundation, and the balance is owned by some 7,000 public stockholders.

If the Reorganization Agreement (Exhibit A to the Proxy Statement) is approved and the other corporate action is taken, all of the properties of List Industries Corporation, including the stock of its subsidiaries, RKO Theatres, Inc. and Gera Corporation, will be transferred to your Corporation whose name will be changed to List

Alden Corporation. Approximately 3,622,000 common shares of Glen Alden will be issued to List Industries Corporation for distribution to its shareholders at the rate of 5 shares of Glen Alden for each 6 List Industries Corporation shares. The present outstanding shares of Glen Alden will remain outstanding, and it is anticipated that application will be made for listing all of the shares on the New York Stock Exchange.

The present shareholders of Glen Alden will then hold approximately 23.5% of the total 4,581,376 outstanding shares, and former List Industries Corporation shareholders will hold approximately 76.5%, excluding in both instances shares held by the Corporation and Gera Corporation. Approximately 37.2% will be owned by Mr. List, his family, family trusts, and a family charitable foundation.

The terms of the proposed reorganization and the ratio of Glen Alden shares to be distributed to stockholders of List Industries Corporation were arrived at by negotiation between the managements and directors of the two corporations on the basis of the relative stock market prices of the stocks, the values of the stocks used in prior transactions involving substantial numbers of shares, the earnings and losses of the corporations, the respective book values of the shares, the cost basis of the properties for income tax purposes and their real estate tax valuations, the federal income tax positions of the corporations and their subsidiaries, including the net operating loss carry-overs of Glen Alden and of Gera Corporation available for offset against future earnings otherwise subject to federal income taxes and the possibility of utilization thereof by such corporations and by List Alden Corporation, and the working capital, credit resources and financial positions of the corporations.

Ebasco Services Incorporated, nationally recognized engineers and business consultants, at the request of the directors of both corporations, made a comprehensive study of the properties and businesses of the corporations and their subsidiaries and has reported to the corporations that in their opinion the proposed reorganization plan is equitable and fair to the stockholders of both Glen Alden and List Industries Corporation.

Accordingly, we hope you will mark the enclosed proxy form to indicate your approval of the reorganization and the other matters referred to and return the proxy promptly.

In view of the fact that the accompanying Proxy Statement sets forth in detail the information and financial statements normally included in the Annual Report, no separate Annual Report for 1957 is being submitted. Several matters, however, are especially called to your attention.

The Consolidated Financial Statements for the year 1957 are set forth at pages 52 to 65 of the Proxy Statement. As a result of increases in operating losses from the coal business and the Ward LaFrance fire fighting equipment business, and a major decline in operating profit from the Mathes air conditioning business, the consolidated operations for the year resulted in a net loss of \$2,869,314, or \$1.64 per share, and a net loss and special item of \$3,494,314, or \$2.00 per share. However, it is estimated that the consolidated net loss for 1957 would have been approximately \$1,900,000 or \$1.09 per share, and there would have been no special item, if provisions and adjustments similar to those mentioned in the second paragraph hereafter had been reflected in the financial statements for prior years, but the reported net income for 1955 and 1956 in the aggregate would have been materially less. For 1956 consolidated net income is reported at \$2,198,302, or \$1.24 per share. It will be noted in the Statement of Consolidated Income of Glen Alden Corporation and Subsidiaries that the method of charging overhead items to coal inventories has been changed for the years 1955, 1956, and 1957 (page 57), and also that the charge for a special item for 1957 reflects the creation of a reserve for returns and allowances for the Mathes Division as of the end of 1957 (Note 1 page 59, and page 11). The prior practice of Glen Alden concerning overhead items relating to coal inventory was believed to be more conservative than the general accounting practice, which the change reflects. The reserve created in respect of the Mathes Division is intended to reflect conservative business and accounting judgment.

The agreement with members of the Mathes family from whom Glen Alden purchased the stock of The Mathes Company in 1955, was amended in May, 1957. As you will note on page 10 of the Proxy Statement, Glen Alden issued \$4,492,500 of 5% notes payable over a five year period, and employment contracts were terminated as of December 31, 1957. As of the end of 1957, The Mathes Company was liquidated into Glen Alden.

The results of operations of the Mathes Division for 1957 were disappointing. General business conditions after July reduced building activities and adversely affected sales. In addition as noted on page 11, returns and



allowances and warranty expense materially affected both sales and net earnings. The present management has made reserve provisions and other adjustments related to the Mathes Division, which are reflected in the consolidated net loss and special item reported for 1957. It is believed, however, that the future prospects for the Mathes Division are good.

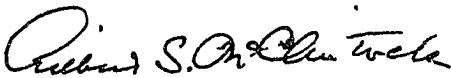
The results of the Ward LaFrance operations were also disappointing in spite of earlier indications to the contrary. Throughout 1957 Ward LaFrance continued to build new items, undertook the engineering connected therewith and, also, wrote off doubtful inventory. It is hoped that operations of Ward LaFrance might show a small profit for 1958.

Contrary to prior expectations the continued decline in the demand for anthracite resulted in a drastic reduction in our sales. Weather was a vital factor particularly during the fourth quarter of 1957 which was warmer than normal. Both domestic and export sales were adversely affected. An austerity program and cost reduction drive were undertaken and it is hoped will return coal operations to a normal overhead basis for our smaller tonnage. Every effort, including court action, is being taken to reduce local taxes which, with the lower tonnage, are prohibitive. Drastic efforts are being made to reduce the cost of pumping our mines and to return them to a profitable operating basis.

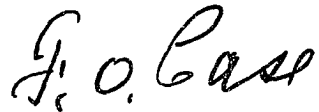
The proposed transaction with List Industries Corporation has been carefully studied and unanimously approved by your Directors, and found to be fair by Ebasco Services Incorporated acting as expert consultants. Your Directors request your favorable vote and confidently believe that the reorganization will be carried out to the mutual advantage of the stockholders of Glen Alden and of List Industries Corporation.

Your prompt consideration of this matter is urgently requested.

BY ORDER OF THE BOARD OF DIRECTORS



*Chairman*



*President*

# GLEN ALDEN CORPORATION

## *Notice of Annual Meeting of Stockholders—April 11, 1958.*

NOTICE IS HEREBY GIVEN that the Annual Meeting of Stockholders of Glen Alden Corporation, a Pennsylvania corporation, will be held on April 11, 1958, at 11:30 A. M. (Eastern Standard Time), in the Laurelton Room of the Hotel Wellington, 55th Street and 7th Avenue, New York, N. Y., to consider and act upon the following matters:

1. The approval of the Reorganization Agreement between the Corporation and LIST Industries Corporation dated as of March 20, 1958, which constitutes Exhibit A to the accompanying Proxy Statement.
2. The amendment of the Corporation's Articles of Incorporation, as heretofore amended, as more fully set forth in Exhibit B to the accompanying Proxy Statement in the following respects:
  - (a) To broaden and extend the purpose or purposes for which the Corporation shall be authorized to transact business by amending Article 2nd thereof;
  - (b) To increase the authorized number of shares of capital stock of the Corporation from 2,500,000 shares to 7,500,000 shares of the par value of \$1 per share, and to reclassify and change the authorized and outstanding shares from shares of Capital Stock of the par value of \$1 per share to Common Shares of the par value of \$1 per share, by amending Article 7th thereof;
  - (c) To change the name of the Corporation to List Alden Corporation by amending Article 1st thereof, subject, however, to the consummation of the transactions contemplated by said Reorganization Agreement.
3. The ratification and adoption of the outstanding Stock Options and the Incentive Stock Option Plan of LIST Industries Corporation, as set forth in the accompanying Proxy Statement.
4. The amendment of ARTICLE VIII of the By-Laws of the Corporation to read as set forth in Exhibit D to the accompanying Proxy Statement, the existing By-Law being set forth in Exhibit C.
5. The election of Directors of the Corporation for the ensuing year and until their successors are duly elected.
6. The transaction of such other business as may properly come before the meeting or any adjournment or adjournments thereof.

Only stockholders of record as of the close of business on March 17, 1958 will be entitled to notice of and to vote at said meeting.

March 20, 1958

By Order of the Board of Directors,

JOHN G. JAEGER  
Secretary

### **IMPORTANT**

Please date, sign and promptly return the enclosed form of Proxy, whether or not you plan to attend the meeting. A return envelope is enclosed for your convenience.

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# LIST INDUSTRIES CORPORATION

## AND

# GLEN ALDEN CORPORATION

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### *Proxy Statement*

This Proxy Statement is furnished in connection with the solicitation of proxies by the management of LIST Industries Corporation, a Delaware corporation (herein called "List Industries"), and by the management of Glen Alden Corporation, a Pennsylvania corporation (herein called "Glen Alden"), to be used at the Annual Meetings of stockholders of Glen Alden and of List Industries on April 11, 1958, which meetings are being held for the purposes set forth in the respective notices of such meetings.

Shares represented by properly executed proxies received by each of the managements will be voted at the meetings. If the stockholder has specified how the proxy is to be voted, it will be voted in accordance with such specifications. It is the intention that proxies not limited to the contrary will be voted in favor of authorizing each of the actions specified in the Notices and all further action deemed necessary or proper in connection therewith, except that such proxies received by List Industries will be voted against certain resolutions proposed by stockholders as hereinafter stated. The managements of Glen Alden and List Industries do not know of any business which will be presented to the respective meetings other than the matters referred to in such Notices. If any other matters are properly presented to either of these meetings for action, it is intended that the persons named in the accompanying forms of proxies and acting thereunder will vote in accordance with their best judgment on such matters. Proxies received by the management of Glen Alden may be revoked by the persons executing them by giving notice to the Secretary of Glen Alden. Proxies received by the management of List Industries are revocable at the option of the persons executing them at any time prior to the exercise thereof.

### **SUMMARY OF PROPOSED SALE OF ASSETS OF LIST INDUSTRIES TO GLEN ALDEN AND DISTRIBUTION OF GLEN ALDEN STOCK**

For the reasons set forth in the letter of the President of each corporation to its stockholders dated this date, List Industries and Glen Alden have entered into the Reorganization Agreement which accompanies this Proxy Statement as Exhibit A. In general, the Reorganization Agreement provides for the acquisition by Glen Alden of all assets of List Industries, in payment for which Glen Alden will issue to List Industries Common Shares on the basis of five shares of Glen Alden for each six shares of List Industries outstanding at the Closing Date and will assume all liabilities of List Industries, except that List Industries will retain cash for the payment of its expenses in connection with the transaction. The shares of Glen Alden to be received by List Industries will promptly be distributed in liquidation of List Industries to its stockholders upon surrender of List Industries certificates. No fractional shares of Glen Alden will be issued. However, in connection with the distribution of shares of Glen Alden, each stockholder of List Industries will be afforded an opportunity (upon prompt surrender of List Industries certificates) to purchase sufficient fractional interests to entitle him to fill out a full share of Glen Alden, or to sell his fractional interest. Shares of Glen Alden equivalent to the total of the fractional interests not matched into full shares on or before July 31, 1958 (unless such time shall be extended by reason of any delay in the closing) will be sold and the proceeds distributed to the holders of such fractional interests.

At the closing 3,621,703\* Common Shares of Glen Alden will be issued to List Industries. The 1,748,633 shares of Glen Alden now outstanding (together with treasury shares) will remain outstanding and no new certi-

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\*The number of shares may be increased if any List Industries stock options are exercised prior to the Closing Date.

ficates will be issued therefor. Of the total 5,370,336 Common Shares of Glen Alden (other than treasury shares) to be outstanding after the closing, 788,960 shares will be owned by Gera Corporation, presently a subsidiary of List Industries, which will become a subsidiary of Glen Alden. Thus of the 4,581,376 Common Shares of Glen Alden to be outstanding (excluding treasury shares and shares held by Gera Corporation) about 76.5% will be held by former List Industries stockholders (other than Gera) and 23.5% by former Glen Alden stockholders (other than Gera).

Upon consummation of the reorganization, Glen Alden's corporate name will be changed to List Alden Corporation. Its Board of Directors will be expanded to include all of the present List Industries directors (see "Directors and Management"). The businesses of both corporations will be continued by it and its subsidiaries.

The Reorganization Agreement by its terms is not binding upon either corporation (with certain technical exceptions) until it has been approved by a majority of the total outstanding shares at the stockholders' meetings of both corporations, excluding treasury shares and shares held by Gera Corporation. In addition it may be terminated by either party in the event of the occurrence of certain specified conditions including a negative vote on approval of the reorganization by the holders (other than Gera Corporation) of more than 400,000 shares of either corporation. Under the Reorganization Agreement the sale of assets will take place at the Closing Date, which is set for 12:30 P.M., Eastern Standard Time, April 11, 1958, but may be postponed.

A pro-forma balance sheet showing the financial condition of List Alden Corporation on a pro-forma basis as of December 31, 1957 and reflecting the proposed reorganization appears at pages 30-32 of this Proxy Statement. As there shown List Alden Corporation would have had, on a consolidated basis, net current assets of approximately \$24,700,000, and investments, deposits and other similar assets of approximately \$9,900,000, with total non-current liabilities, indebtedness, and reserves of the parent and its subsidiaries of approximately \$43,400,000. Its consolidated net worth according to its books, on the pro-forma basis, would have been \$87,900,000. Bank credit arrangements have been made whereby upon the reorganization List Alden Corporation will have available a \$17,000,000 long-term bank credit agreement, as well as a terminable \$5,000,000 line of short-term credit which would be available for the operations of The Mathes Company Division (for details see "Business and Properties of List Industries—General").

In the opinion of counsel, no gain or loss will be recognized for federal income tax purposes to List Industries or Glen Alden or to the stockholders of either corporation as a result of the carrying out of the reorganization and the transactions provided for in the Reorganization Agreement, including the distribution of Common Shares of Glen Alden in exchange for the outstanding stock of List Industries, under the existing provisions of the United States Internal Revenue Code and the regulations, rulings and decisions thereunder.

## RANGE OF SECURITY PRICES

The Common Stock of List Industries is listed on the New York Stock Exchange and the Capital Stock of Glen Alden has unlisted trading privileges on the American Stock Exchange. It is intended that application will be made so that as promptly as practicable after the reorganization, all of the Common Shares of Glen Alden (to be known as List Alden Corporation) will be listed on the New York Stock Exchange.

The following tabulation sets forth low and high sales prices of List Industries and Glen Alden shares by quarterly periods as traded on such exchanges during 1953 through 1957 and from January 1 through March 19, 1958.

		List Industries		Glen Alden	
		Low	High	Low	High
1953	1st Quarter .....	3½	4½	8¾	11½
	2nd Quarter .....	3¾	4¾	7¾	9¾
	3rd Quarter .....	3¾	4¾	6¾	8½
	4th Quarter .....	3¾	5½	6¾	8
1954	1st Quarter .....	4½	5¾	6½	8¾
	2nd Quarter .....	5¼	7½	6¾	7¾
	3rd Quarter .....	6¾	9½	6¾	9½
	4th Quarter .....	8¼	10½	8½	12¾

		List Industries		Glen Alden	
		Low	High	Low	High
1955	1st Quarter .....	8½	9⅞	11⅞	16¾
	2nd Quarter .....	8⅝	11½	15⅞	19⅞
	3rd Quarter .....	8⅝	12	14¾	18⅞
	4th Quarter .....	9	11¼	13⅞	16⅝
1956	1st Quarter .....	9½	12	13¼	16⅝
	2nd Quarter .....	8½	11⅝	10½	14¼
	3rd Quarter .....	7½	9	10⅞	12¾
	4th Quarter .....	6⅞	8	10⅞	12¼
1957	1st Quarter .....	7⅝	9	10¾	14¼
	2nd Quarter .....	7⅝	8⅝	10	12⅞
	3rd Quarter .....	8	10⅝	9⅞	12¼
	4th Quarter .....	7⅞	9⅞	8¼	12⅝
1958	January 1 through March 19 ..	6⅞	7⅞	8⅞	9⅞
	Closing prices on March 19 ....		7⅞		8¼

In May 1955 Glen Alden issued 100,000 treasury shares of its Capital Stock as part of the consideration for the acquisition of the stock of The Mathes Company, Inc. (see page 10) and for that purpose the stock was valued at \$15 per share. During the period covered by the foregoing tabulation, Glen Alden purchased an aggregate of 97,000 shares of its Capital Stock. Of this amount, 22,000 and 23,000 shares, respectively, were purchased in the first and second quarters of 1955 for an average cost per share of \$14.81 and \$16.44, respectively, and 26,800 shares were purchased in the second quarter of 1957 for an average cost of \$11.04 per share.

In October 1957 Gera Corporation, pursuant to an offer made to all Glen Alden stockholders, purchased at \$12.50 per share net to the sellers 673,473 shares (38.5%) of the Glen Alden Capital Stock, for a total cost (including \$.30 per share brokers' allowance and other expenses) of \$8,719,109, which was financed in part by a \$5,000,000 borrowing from banks on 5% notes due June 27, 1959.

In the last quarter of 1953 Mr. Albert A. List, now Chairman of the Board and President of List Industries, and a family corporation acquired for approximately \$4.56 a share 886,353 shares of List Industries (then called RKO Theatres Corporation) held by Irving Trust Company as trustee for Howard Hughes and also purchased an additional 68,763 shares at \$4.50 a share pursuant to a general offer to stockholders. These purchases constituted in the aggregate about 25% of the outstanding shares of List Industries.

In the second quarter of 1954 List Industries acquired 529,489 of its shares at an average of \$6.47 a share pursuant to an invitation to its stockholders to tender stock at prices up to \$6.50 a share; and acquired an additional 15,488 shares at \$6.50 a share. In June 1955 it purchased from two corporate holders an additional 111,600 shares at approximately \$9.11 a share. The shares so acquired in 1954 and 1955 were subsequently retired. In May 1956 List Industries issued 1,043,706 of its shares as part consideration for the assets of The Cleveland Arcade Company (see page 12) and such shares were valued for accounting purposes at \$10 per share.

In November 1957 Gera Corporation purchased in a single transaction an aggregate of 140,000 shares of List Industries at \$9 a share, plus brokerage of 14¢ a share. Of these shares 18,000 were sold by David J. Greene, theretofore a director of List Industries, and 49,500 shares by a trust for the benefit of his wife. For information concerning certain litigation relating to this transaction, see "Litigation" herein.

### EARNINGS

The following table shows the earnings or loss per share (both before and after special items) of Glen Alden and List Industries for the last three years, based on the number of shares outstanding at the end of each respective year. Also shown is the income per share of List Industries combined with Gera Corporation for all of 1955 and 1956, as shown on page 33, based on the number of List Industries shares outstanding at the end of the respective years increased for 1955 by the number of shares issued in 1956 in connection with the acquisition of Gera.

	Earnings (Loss) Per Share		
	Glen Alden	List Industries	
	(see Note)	Actual	Combined with Gera Corporation
1955			
Before special items .....	\$ .01	\$ .62	\$1.16
After special items .....	(2.29)	.56	1.11
1956			
Before special items .....	1.24	.37	.75
After special items .....	1.24	1.04	1.43
1957			
Before special items .....	(1.64)	.48	.48
After special items .....	(2.00)	.37	.37
After giving effect to adjustments relating to The Mathes Company Division (see Note) .....	(1.09)		

For 1957, the earnings or losses per share of Glen Alden on an actual basis and on a pro forma basis combining the earnings of List Industries and the losses of Glen Alden, and the earnings or losses per share of List Industries on an actual basis and on the same pro forma basis, are as follows, without giving effect in the pro forma figures to the elimination of federal income taxes paid in 1957 which would have resulted from the reorganization, or to any other changes in income or expenses which might have taken place:

	1957 Earnings (Loss)			
	Per Share of Glen Alden		Per Share of List Industries	
	Actual	Pro Forma	Actual	Pro Forma*
<i>As reported:</i>				
Before special items .....	(\$1.64)	(\$18)	\$ .48	(\$15)
After special items .....	(2.00)	(.43)	.37	(.36)
<i>After giving effect to adjustments relating to The Mathes Com- pany Division (see Note):</i>				
Before special items .....	(1.09)	.03	.48	.02½
After special items .....	(1.09)	(.08)	.37	(.07)

\*Based on 5/6 share of Glen Alden for one share of List Industries.

NOTE: See page 11 for reference to factors relating to earnings of The Mathes Company Division which might have affected the consolidated earnings or loss per share of Glen Alden, for 1955 and 1956 in amounts which it is not practicable to determine, and for 1957 as indicated in the table.

## DIVIDENDS

The following dividends per share have been paid by List Industries and Glen Alden from 1953 to date:

	List Industries	Glen Alden
1953 .....	\$ .15	—
1954 .....	—	—
1955 .....	.20	\$ .40
1956 .....	.25	.10
1957 .....	.25	.20
1958 (to date) .....	.25	—

Future dividends will, of course, depend upon future earnings, the financial condition of List Alden Corporation and other factors including restrictions on its payment of dividends. In this connection see "Description of New Common Shares" and "Business and Properties of List Industries—General."

# **CORPORATE ACTION TO BE TAKEN BY LIST INDUSTRIES AND GLEN ALDEN**

## **List Industries Action**

### *Reorganization Agreement and Dissolution*

By its terms the Reorganization Agreement is not binding upon List Industries or Glen Alden unless it is approved by the affirmative vote of a majority of the outstanding List Industries shares other than treasury shares and shares held by Gera Corporation. By Delaware law, the sale of assets provided for by the Reorganization Agreement requires the affirmative vote of the holders of a majority of the List Industries shares entitled to be voted and dissolution of List Industries requires the affirmative vote of the holders of two-thirds of such shares. 4,207,460 shares of List Industries (excluding treasury shares and 138,584 shares held by Gera Corporation) are, in the opinion of counsel, entitled to vote upon the foregoing proposals. The Reorganization Agreement provides that it may be terminated by either party if by the Closing Date 66⅔% of the outstanding shares of List Industries entitled to vote thereon shall not have voted in favor of the transactions contemplated thereby, or the holders of more than 400,000 shares of List Industries have voted against such transactions.

### *Election of Directors*

The action to be taken by List Industries as to the election of directors is discussed under "List Industries Election of Directors". The Certificate of Incorporation of List Industries provides that at all elections of directors each stockholder is entitled in respect to each share of his stock to as many votes as shall equal the number of directors to be voted for and he may cast all such votes for a single director or may distribute them among the number to be voted for or any two or more of them, as he may see fit.

### *Resolutions Proposed By Stockholders*

Certain stockholders have proposed for action at the meeting resolutions relating to a post-meeting report and to stock option plans as set forth under "Resolutions Proposed by List Industries Stockholders."

## **Glen Alden Action**

### *Reorganization Agreement*

By its terms the Reorganization Agreement is not binding upon List Industries or Glen Alden unless it is approved by the affirmative vote of a majority of the outstanding Glen Alden shares (other than treasury shares and the 673,473 shares owned by Gera Corporation). Excluding shares owned by Gera, 1,075,160 shares of Glen Alden are entitled to be voted for this purpose. Thus the affirmative vote of 537,581 shares of Glen Alden other than shares held by Gera Corporation is required to make the Reorganization Agreement effective. The Agreement also provides that it may be terminated by either party if the holders (other than Gera Corporation) of more than 400,000 shares of Glen Alden have voted against the transactions contemplated thereby.

### *Amendment of Articles of Incorporation*

In order to carry out the Reorganization Agreement and leave available for future issuance approximately the same aggregate number of shares as are now available for such issuance by List Industries and Glen Alden (although there are no present plans for the issuance of any of these shares other than pursuant to the exercise of outstanding stock options), it is proposed that the Articles of Incorporation of Glen Alden be amended so as to (1) broaden and extend its corporate purposes to cover the types of businesses of List Industries and its subsidiaries as well as to provide flexibility should further diversification become desirable, (2) increase the authorized number of shares of capital stock from 2,500,000 shares to 7,500,000, (3) change the designation of such stock from "Capital Stock", par value \$1, to "Common Shares of the par value of \$1 per share" and (4) change the name of the corporation to "List Alden Corporation". Under Pennsylvania law, the foregoing amendments of the Articles of Incorporation require the affirmative vote of the holders of a majority of the 1,748,633 Glen Alden shares entitled to be voted. The amendments to the Articles of Incorporation in respect of the corporate purposes and capital stock of Glen Alden will be filed prior to the closing and will be effective whether or not the closing is held, although there are no present plans of Glen Alden which would require broadened corporate purposes or the issuance of additional shares if the proposed reorganization is not consummated. The amendment changing the name of Glen Alden to List Alden Corporation will not be filed until after the closing.



### *Amendment of By-Laws*

The By-Laws of Glen Alden, as last amended by the Board of Directors on March 3, 1958, are set forth in Exhibit C hereto. At the Glen Alden meeting the stockholders will vote to amend Article VIII of the By-Laws as set forth in Exhibit D hereto. This amendment, which relates to indemnification of officers and directors of Glen Alden and its subsidiaries, makes certain changes from the present By-Law provision which will bring this provision in line with the indemnification provision in the Certificate of Incorporation of List Industries. The proposed amendment must be adopted by a majority vote of the stockholders entitled to vote thereon at the meeting. 874,317 shares being necessary to constitute a quorum. In the event the amendment is not adopted, the present By-Law provision will remain in effect.

### *Election of Directors*

The action to be taken by Glen Alden as to election of directors is discussed under "Glen Alden Election of Directors". Under Pennsylvania law, in the election of directors, every stockholder entitled to vote thereon has the right, in person or by proxy, to multiply the number of votes to which he may be entitled by the total number of directors to be elected and he may cast the whole number of such votes for one candidate or distribute them among any two or more candidates.

### *Assumption of List Industries Incentive Stock Option Plan*

List Industries has an Incentive Stock Option Plan, approved by its stockholders and described under "Remuneration", pursuant to which 107,250 shares are subject to outstanding stock option agreements and 59,550 shares are available for additional options. The Reorganization Agreement provides for the modification of the outstanding stock option agreements so that after the reorganization the shares subject to the options shall be Common Shares of Glen Alden, that the number of Glen Alden shares shall be the highest number of full shares which will not exceed 83⅓% of the List Industries shares subject thereto, and that the option price of the Glen Alden shares shall be 120% of the option price of the List Industries shares. Glen Alden is to assume the obligations of List Industries under the stock option agreements. It is proposed that the stockholders of Glen Alden ratify and adopt the outstanding stock option agreements, as modified, of List Industries and also its Incentive Stock Option Plan so as to permit the exercise of existing stock options and the granting of future options covering not to exceed 49,625 additional shares of Glen Alden (83⅓% of the 59,550 shares of List Industries subject to the Plan but not covered by stock option agreements) if such action is determined desirable. The favorable action by the holders of a majority of the 1,748,633 Glen Alden shares entitled to be voted will also constitute a waiver of preemptive rights, if any, which might exist in respect of the Common Shares covered by the stock option agreements assumed by Glen Alden and any stock options which may be granted in the future under the Incentive Stock Option Plan. In addition, there will remain available for subsequent restricted stock options 31,400 shares under the Glen Alden Stock Option Plan.

### **Appraisal Rights**

In the opinion of counsel, the stockholders of neither Glen Alden nor List Industries will have any rights of appraisal or similar rights of dissenters with respect to any matter to be acted upon at their respective meetings.

## **BUSINESS AND PROPERTIES OF GLEN ALDEN**

Information relating to Glen Alden and its subsidiaries set forth in this Proxy Statement has been furnished by Glen Alden.

### **General**

Glen Alden was organized in 1920 under the name "Pine Valley Coal Company". In 1921 its name was changed to "Glen Alden Coal Company" and in 1955, to reflect diversification of business, its present name, "Glen Alden Corporation" was adopted. Its executive office is at 16 South River Street, Wilkes-Barre, Pennsylvania.

Prior to 1955 Glen Alden was engaged primarily in mining, processing and distributing anthracite coal. As a result of greatly reduced operating income in 1951 and subsequent operating losses, the Company sold a portion of its coal properties in 1953, intensified its efforts toward efficiency in operations and began to diversify. Its present operations are divided among its anthracite coal business, The Mathes Company Division and its subsidiaries

Ward LaFrance Truck Corporation and Ward LaFrance GMC Sales, Inc. It also owns all of the outstanding stock of Honeybrook Water Company serving approximately 3,000 customers in several municipalities and environs south of Hazleton, Pennsylvania.

The financial condition of Glen Alden and its subsidiaries at December 31, 1957 and the results of their operations for the three years then ended are shown on the consolidated balance sheet and the statements of consolidated income, earnings retained and capital surplus appearing at the end of this Proxy Statement. As there shown, Glen Alden at December 31, 1957 had consolidated net current assets of approximately \$11,100,000 and investments, deposits and similar assets of about \$2,100,000, with non-current indebtedness and other liabilities and reserves of about \$7,400,000. Its consolidated net worth according to its books (after reflecting the distribution of the stocks of three coal holding corporations referred to on page 10) was about \$63,500,000.

As explained in Note 10 to the Glen Alden financial statements, Glen Alden has consolidated net operating loss carry-overs of approximately \$14,000,000 (of which \$3,192,000 may be a capital loss carry-over) available for application under certain circumstances for federal income tax purposes against its income and income of its present and future subsidiaries in the years 1958 through 1962 which would otherwise be subject to federal income taxes.

Glen Alden has an \$8,000,000 bank credit arrangement under which, as of March 1, 1958, approximately \$5,100,000 of notes receivable from customers were discounted and approximately \$2,500,000 borrowed on 30-day notes. One of the banks has also loaned Glen Alden an additional \$1,000,000 on a note due July 21, 1958. A new bank credit agreement has been arranged between Glen Alden, List Industries and a group of banks providing that upon consummation of the reorganization, the existing \$12,000,000 bank credit agreement of List Industries described under "Business and Properties of List Industries-General" will be expanded to permit long-term borrowings up to \$17,000,000. In addition, arrangements have been made for a terminable line of short-term unsecured credit in an aggregate amount of \$5,000,000 which would be available to finance the operations of The Mathes Company Division.

### **Coal Properties and Business**

The coal operations consist of the mining, processing and marketing of anthracite coal. Coal produced by Glen Alden is marketed under the name 'blue coal' primarily through Blue Coal Corporation, a wholly-owned subsidiary. The coal is mined from properties in Luzerne County, Pennsylvania, south of Wilkes-Barre, in what is known as the Wyoming Region of the anthracite coal field and from a smaller property near Hazleton in Carbon, Schuylkill and Luzerne Counties, in what is known as the Eastern Middle Field. Glen Alden and a wholly-owned subsidiary own in fee or have long term leases on coal lands underlying approximately 20,000 surface acres.

Glen Alden's coal business now has about 3,000 employees. Hourly rated production employees are represented by labor unions, principally United Mine Workers of America.

### *Coal Reserves*

In the present state of decline of the anthracite market as hereinafter indicated, Glen Alden's coal reserves are far in excess of foreseeable requirements. It has been estimated by Glen Alden's engineers that the reserves are sufficient to permit mining operations at their present rate for many years, although it must be recognized that the extent to which the reserves will be mined will depend on economic factors and other circumstances which Glen Alden cannot presently predict. The operation of Glen Alden's coal properties has not been profitable during the last five years. The management has under consideration the further disposition of properties the operation of which it believes is not economically necessary or desirable (see "Certain Recent Developments in Coal Operations"). In the event it is determined to sell any such properties, the amounts realized might be substantially less than the book values of the properties sold.

### *Anthracite Market*

The principal use of anthracite coal is for domestic heating and in 1957 this market accounted for about 75% of the coal revenues of Glen Alden. Very favorable conditions in the domestic heating market were enjoyed by the anthracite industry in its primary marketing area (generally the Middle Atlantic and New England states, and the Canadian Provinces of Quebec, Ontario and the Maritimes) until about 1925, when competition from oil burners began to be serious. From that time on, there has been a continuous decline in the market for anthracite as a domestic fuel, except during World War II, when scarcities of other fuels resulted in a temporarily increased demand. However, in the postwar period the decline was resumed and has accelerated in recent years due principally to the increasing use of oil and natural gas for domestic heating.

The anthracite production of the industry (in tons) since January 1, 1948 was as follows (U. S. Bureau of Mines figures):

	<u>Total</u>	<u>Domestic Sizes Through Pea</u>		<u>Total</u>	<u>Domestic Sizes Through Pea</u>
1948 .....	54,228,585	31,995,133	1953 .....	29,873,088	15,026,467
1949 .....	40,653,304	23,510,420	1954 .....	27,736,158	13,418,548
1950 .....	42,314,779	24,962,360	1955 .....	24,989,119	12,770,342
1951 .....	41,042,503	22,253,576	1956 .....	27,835,846	13,663,756
1952 .....	39,261,942	20,804,536	1957 (estimated) ..	24,700,000	11,200,000

Production of anthracite in the Wyoming Region, and particularly production by Glen Alden, is principally from underground mines. The geological formation of the coal seams is such that by far the largest coal reserves lie too far beneath the surface to be economically mineable by present open pit or stripping methods. In general, anthracite produced by stripping has a lower production cost than deep mined coal, although this fact is of limited significance to Glen Alden by reason of its relatively low amount of economical stripping areas. The tonnage of anthracite produced for sale by Glen Alden by the different methods for the last ten years is shown in the following table:

	<u>Glen Alden</u>	<u>Deep Mine Contractor (1)</u>	<u>Glen Alden</u>	<u>Stripping Contractor (1)</u>	<u>Silt and Oulm Banks</u>	<u>Total</u>	<u>Per Cent of Anthracite Industry (2)</u>
1948 .....	6,447,506	991,171	71,718	885,789	—	8,396,244	15.5
1949 .....	4,882,081	838,521	26,611	787,797	—	6,475,010	15.9
1950 .....	4,931,059	888,383	22,749	937,108	—	6,779,299	16.0
1951 .....	3,948,449	830,985	14,951	852,188	—	5,646,573	13.8
1952 .....	4,247,540	1,024,078	16,807	751,768	—	6,040,193	15.4
1953 .....	2,891,719	415,242	5,558	509,376	104,063	3,925,958	13.1
1954 .....	3,550,250	237,804	6,235	816,825	41,434	4,652,548	16.8
1955 .....	3,204,583	258,941	10,516	744,480	19,175	4,237,695	17.0
1956 .....	2,774,432	477,138	15,148	855,029	46,356	4,168,103	15.0
1957 .....	1,596,271	771,418	7,767	906,389	50,153	3,331,998	13.5(3)

(1) Produced under agreements from Glen Alden's properties and delivered to Glen Alden.

(2) Based on U. S. Bureau of Mines figures.

(3) Estimated.

In the preparation of anthracite for market, the product breaks down into different sizes, the proportions of which stay relatively constant. Generally, the larger sizes are used in domestic heating and the smaller or fine sizes in industry. In the past when demand for domestic heating sizes was strong, one of the principal problems was the sale of the smaller sizes used in industry, the market for which was limited by economic considerations. Subsequently a substantial demand developed for power generation and other industrial uses, which has remained constant or even increased. With the decline of the domestic heating market, however, the quantity of available small sizes has declined in proportion to the decrease in overall production. Thus the demand pattern has shifted to strength in smaller sizes with little of the product available for sale as the production of smaller sizes alone is not economical.

Glen Alden produces and markets a lesser proportion of smaller sizes (i.e. other than domestic) than most of its competitors. There are a number of silt banks deposited in former years which may have value either in bulk or by the ton, depending on market conditions.

The possibility of developing other uses for anthracite has been pursued in the industry within the limited budgets available for research and experimentation. Research has also been conducted under the auspices of the Federal government and the Commonwealth of Pennsylvania as well as in universities and other institutions.

The mining properties of Glen Alden include 16 deep mines but due to the decline in the sale of anthracite not all of them were operated in 1957. Ten mines were operated for varying numbers of working days of the

year, but six mines were completely idle. There are five usable coal sizing and cleaning plants (breakers), one of which was operated on substantially all of the working days in 1957, and the others were operated irregularly. The extent to which the mines and breakers will be operated in 1958 will depend on market conditions and management decisions as to the most economical operating procedures. No definite statement in this regard can be made at the present time.

In order to prevent flooding, Glen Alden has considered it necessary to carry on continuous pumping operations in its mines, including those not currently in operation. Costs of pumping in 1957 exceeded \$1,000,000. A recent conservation program has been initiated by Federal and State legislation under which pumping stations for drainage of mines are installed and paid for by governmental funds, provided the coal operator makes certain agreements for their maintenance and operation. Under this program new pumping stations are planned on Glen Alden properties not presently in operation. If the program is completed as planned, it is anticipated that it will partially relieve mines currently in operation from water control problems and will reduce Glen Alden's pumping costs. It may also be a possibility that pumping costs can be reduced by limiting mining operations to certain selected areas.

Results from coal operations for the last 10 years were as follows:

Year	Sales Tons	Anthracite Net Sales (1)	Average Price Per Ton (1)	Operating Income (Loss) (\$)
1948 .....	9,370,365	\$91,181,252	\$ 9.73	\$9,132,429
1949 .....	7,254,490	73,549,812	10.14	3,420,151
1950 .....	7,324,559	77,313,621	10.55	2,818,395
1951 .....	6,330,165	74,459,118	11.76	206,667
1952 .....	6,310,048	73,044,491	11.58	150,020 (2)
1953 .....	4,918,037	58,224,420	11.84	(4,999,165) (2)
1954 .....	4,880,426	48,958,209	10.03	( 555,836) (2)
1955 .....	4,504,191	41,118,023	9.13	(4,183,297) (4)
1956 .....	4,260,408	42,393,660	9.95	( 409,829)
1957 .....	3,448,535	38,405,815	11.14	(2,266,988)

(1) During 1953-1955 Glen Alden disposed of most of its retail outlets. Sales have been adjusted to eliminate difference between retail and wholesale selling prices.

(2) Excludes operating profit of Burns Bros., a principal retail subsidiary sold as of January 1, 1955.

(3) Before other income and other deductions, special items and federal taxes on income.

(4) In August 1955 Glen Alden's mines were badly damaged by Hurricane Diane. The resulting loss in restoring property damage and cost of production was estimated to be in excess of \$2,000,000, of which approximately \$428,000 was charged to an insurance reserve.

#### *Certain Recent Developments in Coal Operations*

In 1953 Glen Alden sold its coal properties in Lackawanna County, Pennsylvania, to Robert Y. Moffat, who had operated the properties for a number of years, partly under a lease and partly under a contract with Glen Alden, for \$1,000,000 cash and a purchase money mortgage for \$7,000,000. The agreement provided that the entire purchase price could be discharged prior to March 31, 1954, by the payment of \$5,000,000 cash (in addition to the initial payment of \$1,000,000). This option was not exercised. On December 31, 1955, Glen Alden accepted \$2,500,000 cash and a second mortgage of \$500,000 in discharge of the entire remaining balance of the original mortgage (\$6,192,309.66). The second mortgage has since been paid. For information concerning certain litigation relating to this transaction, see "Litigation" herein.

As of January 1, 1955, Glen Alden disposed of the securities of Burns Bros., a subsidiary which was engaged in the retail distribution of coal, for \$2,600,000, of which the balance of \$400,000 is payable January 1, 1959. Other retail outlets have been sold or given up during the last five years.

In November 1957, Glen Alden inaugurated an austerity program to reduce overhead and effect economies in operation. In this connection operating changes have been made, and personnel and salaries and pension payments have been substantially reduced.

In addition, on January 22, 1958, Glen Alden and a wholly owned subsidiary appealed to the Court of Common Pleas of Luzerne County from orders of the Board of Assessment and Revision of Taxes for Luzerne County entered December 31, 1957, denying appeals filed with said Board from assessments and valuations of their coal lands for the year 1958. In these appeals Glen Alden contends, among other things, that the coal lands in Luzerne County (assessed at approximately \$31,500,000) were over-assessed by \$27,200,000 in that the actual or market value of said lands was not more than approximately \$12,000,000 and further, that such assessments and valuations were not uniform in relation to other real estate in Luzerne County. The real estate taxes for 1957 of Glen Alden and its subsidiaries on their coal lands in Luzerne County were approximately \$2,000,000. The management considers the outcome of these appeals to be of the utmost importance to Glen Alden.

On January 24, 1958 Glen Alden conveyed coal deposits underlying an aggregate of approximately 2,950 acres of surface land, which in the light of the foreseeable demand for coal were deemed not economically feasible to mine, to three newly organized corporations (Bliss Coal Corporation, Loomis Coal Corporation and Truesdale Coal Corporation). The stock of these corporations has been distributed to Glen Alden stockholders. The transfer of these properties was reflected by a charge to earned surplus in 1958 of \$4,593,164, representing the net amount attributable to them on Glen Alden's books.

### **The Mathes Company Division**

Pursuant to Glen Alden's diversification program, the entire capital stock of The Mathes Company, Inc. was acquired by Glen Alden as of March 1, 1955 for \$1,500,000 cash, \$1,500,000 represented by 100,000 shares of Glen Alden treasury stock at \$15 per share, plus an obligation to pay an amount equal to 50% of the net income before taxes of Mathes for 10 years (but not more than \$8,000,000). Under the agreement, so long as the above obligation was outstanding the sellers were to have joint management of Mathes with Glen Alden, and certain members of the Mathes family (the selling group) were to have employment contracts at salaries aggregating \$127,500 annually. Glen Alden had the right to satisfy the above obligation after July 1, 1956 by paying in cash, and after July 31, 1958 by paying in notes, \$8,000,000 less any payments theretofore made pursuant to the obligation. In May 1957, after payment to the sellers of \$3,507,500, Glen Alden and the sellers entered into a supplemental agreement under which the obligation of Glen Alden to make future payments was discharged upon issuance to the sellers of \$4,492,500 principal amount of 5% notes payable in amounts aggregating \$898,500 a year over a five year period beginning in 1958. The employment contracts with members of the Mathes family were terminated as of December 31, 1957, although consultation contracts remain in effect. Under the original agreement the sellers are bound not to compete with The Mathes Company Division for a ten year period beginning January 1, 1958. In 1957 The Mathes Company, Inc. was liquidated into Glen Alden and its business is now operated as The Mathes Company Division.

The business of this Division consists of the manufacture and marketing of air-conditioning equipment and heat pumps. The Mathes Company, Inc. was organized in 1928 by Curtis Mathes, Sr. and members of his family, at Amarillo, Texas, originally as a distributor of Philco equipment. In 1942 it moved to Fort Worth, Texas, to take over an existing furniture manufacturing business. A volume business in window fans was developed after a period devoted to the manufacture of evaporative coolers. Conversion to the manufacture of air-conditioning equipment was made in early 1952. A plant to produce plywood and veneer components at Center, Texas, was acquired in 1948; and a plant for the manufacture of condenser coils and other metals components at Marble Falls, Texas, was acquired in 1952. The employment of treated and rot-resisting plywood bases, and wooden cabinets finished in furniture grade, in lieu of the metal types normally used in the industry, has become an outstanding and unique feature of Mathes. While room air-conditioners (both window and in-the-wall types) have been its principal product, Mathes has entered the air-conditioning field (central units with duct work) and now manufactures a wide line of such units of up to 10 tons (120,000 B. T. U. per hour) capacity. It offers both window-unit and central-unit types of heat pump equipment, i.e., a variation of air-conditioning equipment which can reverse the usual refrigeration process and hence deliver either warmed air or cooled air.

The business is highly competitive and somewhat seasonal. The number of employees varies from approximately 400 to 900. For the most part the employees are not represented by a union. However, the Teamsters Union has recently claimed representation of employees at the Fort Worth plant.

The plants in Fort Worth and Center are owned in fee, subject to a \$25,000 mortgage on the latter plant. The Marble Falls plant is currently held on a lease-purchase contract, under which full ownership will be achieved in 1964.

The Fort Worth plant, which is used for the final assembly of room air-conditioners and heat pumps, consists of a series of additions to an original structure built more than 20 years ago for furniture manufacturing and contains approximately 185,000 square feet of floor space.

The Marble Falls plant, originally used as a mill, contains approximately 114,000 square feet of floor space including several outstructures. A new steel building of 11,000 square feet is currently under construction. This plant is for the manufacture of metal components—primarily condenser coils—used in Fort Worth; it also handles the final assembly of the commercial-type units.

The Center plant is used for the manufacture of plywood components and the finishing of veneered wooden cabinets for the room-type units and includes a roughing plant for cutting up logs, and providing crating and base sections. This plant contains approximately 60,000 square feet of floor space in a series of detached small buildings, but also includes important out-of-doors facilities for logging and storage operations.

In manufacturing its line of equipment this Division fabricates a wide variety of the components used, but purchases from others such items as compressors, electric motors and various electronic controls and accessories.

The net sales and operating income (loss) of The Mathes Company, Inc. since 1952, when it commenced the conversion to its present business, were as follows:

<u>Fiscal Year ended Feb. 28</u>	<u>Net Sales</u>	<u>Operating Income (Loss) (1)</u>
1953	\$ 4,506,282	\$ 411,837
1954	8,307,446	726,766
1955	8,546,924	818,875
<u>Fiscal Year ended Dec. 31</u>		
1955 (10 months)	15,751,334	3,690,995
1956	20,649,794	2,962,609
1957	15,968,474	(44,448)

(1) Before other income and other deductions, special items and federal taxes on income

The Glen Alden management believes, upon the basis of the facts now known to it, that the foregoing figures of net sales and operating income of The Mathes Company, Inc. for 1955, 1956 and 1957 are not properly comparable nor representative of the results of operations to be expected in the future for the following, among other, reasons:

(a) During the periods shown there were significant changes in market conditions affecting that company's products and in sales, operating and financial policies, and at the end of 1957 the operating management was replaced;

(b) The Glen Alden management estimates that if certain policies it has recently placed in effect, principally with respect to the creation of a reserve for estimated loss on returns and allowances to be anticipated from sales (see Note 1 to Glen Alden financial statements) and increase in the reserve for warranty expense, had been in effect in prior years, the operating income for 1957 would have been approximately \$900,000. It is impracticable to estimate the effect which such policies would have had on the income for individual periods prior to 1957 although it is believed that the operating income for the ten months ended December 31, 1955 and the year 1956 in the aggregate would have been materially less.

(c) Furthermore, the Glen Alden management believes that if the change from consignment selling to outright selling which occurred subsequent to February 28 in 1955 had been in effect throughout 1954 and 1955, the sales and operating income for the ten months ended December 31, 1955 would have been materially less and for the twelve months ended February 28, 1955 materially greater. See Note 3 to Glen Alden financial statements.

Pursuant to action of the Board of Directors, commencing with 1958 an annual charge of approximately \$550,000 applicable to this Division will be made against the consolidated income of Glen Alden representing amortization of the goodwill, contracts not to compete and excess of cost over appraisal value of assets acquired shown on the consolidated balance sheet of Glen Alden appearing at the end of this Proxy Statement.

### **Ward La France Truck Corporation**

The Ward La France business was acquired February 1, 1956 by Ward La France Truck Corporation, a wholly owned subsidiary of Glen Alden, in a transaction in which the manufacturing plant at Elmira Heights, New York, and service depot in the Bronx, New York City, were purchased for \$500,000, represented by a 5% purchase money mortgage having a fixed maturity in 10 years, subject to annual prepayments out of earnings. The inventory of raw material, work in process and service parts was also purchased for approximately \$1,900,000 cash. In addition, Glen Alden has advanced to its subsidiary approximately \$2,000,000 for required working capital.

The business of Ward La France consists of the manufacture and sale of fire trucks and other automotive units built to customer specifications. The principal customers are municipalities, commercial users and government agencies. The industry is highly competitive. It is believed that Ward La France manufactures less than 10% of the automotive fire equipment produced by the industry. The name "La France" is one of the best known names in the manufacture of fire-fighting equipment. There are two corporations bearing the name "La France", namely American La France Foamite Company and Ward La France Truck Corporation. There is no connection between the two and they are competitors.

The manufacturing plant contains approximately 250,000 square feet of floor space. Ward La France presently has about 300 employees. Hourly rated production employees are represented by United Automobile Workers of America, CIO-AFL.

Ward La France Truck Corporation owns all of the outstanding stock of Ward La France GMC Sales, Inc. which is engaged in the sale and servicing of General Motors trucks in the Bronx, New York City.

Since acquisition, the operations of Ward La France have been unprofitable, operating losses of \$491,785 and \$704,079 having been incurred in the last eleven months of 1956 and the year 1957, respectively. It is hoped by the Glen Alden management that operations of Ward La France might show a small profit for 1958. The possible sale of the business is being explored.

## **BUSINESS AND PROPERTIES OF LIST INDUSTRIES**

Information relating to List Industries and its subsidiaries set forth in this Proxy Statement has been furnished by List Industries.

### **General**

List Industries, whose executive offices are located at 1740 Broadway, New York City, was organized in 1950 as "RKO Theatres Corporation". Under a Plan of Reorganization adopted pursuant to an antitrust consent decree, Radio-Keith-Orpheum Corporation on December 31, 1950 transferred its motion picture theatre and related assets to RKO Theatres Corporation and its picture production and distribution assets to RKO Pictures Corporation. All of the stock of these corporations was distributed to the stockholders of Radio-Keith-Orpheum Corporation pursuant to the aforementioned Plan of Reorganization.

RKO Theatres Corporation remained exclusively in the motion picture theatre and related business until May 9, 1956 when it acquired all of the assets of The Cleveland Arcade Company (herein called "Arcade") for 1,043,706 shares of its Common Stock and the assumption of Arcade's liabilities of approximately \$3,150,000. Mr. Albert A. List, members of his family and trusts for their benefit (who owned all of the Arcade stock) and Albert A. List Foundation, Inc. thereupon owned in the aggregate about 47% of the outstanding shares of RKO Theatres Corporation, whose name was changed to "LIST Industries Corporation".

The financial condition of List Industries and its consolidated subsidiaries at December 31, 1957 and the results of their operations for the three years then ended are shown on the consolidated balance sheet and the

statements of consolidated income and surplus appearing at the end of this Proxy Statement. As there shown List Industries had consolidated net current assets of about \$13,500,000 and investments, deposits and other similar assets (excluding the investment in Glen Alden Corporation) amounting to about \$7,800,000 with non-current liabilities, indebtedness and reserves of the parent company and subsidiaries amounting to about \$36,000,000. Its consolidated net worth according to its books was about \$33,100,000.

List Industries has a credit agreement expiring February 4, 1959 with five banks providing for borrowings not exceeding an aggregate of \$12,000,000 to be made at the option of List Industries and to be evidenced by 4½% unsecured notes payable in installments and having a final maturity five years after the date thereof. If any such loans are outstanding, List Industries may not permit its (i) consolidated net current assets to be less than \$12,000,000 plus 50% of such loans, (ii) consolidated current assets to be less than 200% of consolidated current liabilities, (iii) consolidated net worth, defined as consolidated capital and surplus plus certain consolidated subordinated indebtedness, to be less than \$38,000,000, or (iv) consolidated funded indebtedness (other than certain subordinated indebtedness) plus proceeds from new outstanding preferred stock of subsidiaries to exceed \$30,000,000 plus any such loans then outstanding. No equity distribution after February 4, 1958, which includes the payment of dividends by List Industries and the acquisition by it of certain equity securities, is permitted if thereafter and when any such loans are outstanding the sum of all such distributions exceeds net income after December 31, 1956 (in computing accumulated net income the amount included for any year may not exceed \$2,000,000, except for 1958 when an additional \$1,000,000, if earned, may be added to accumulated net income in future years), plus the net cash consideration received after February 4, 1958 from the issue of stock or the incurring of certain subordinated indebtedness. There are other restrictions in the agreement, including limitations on investments by List Industries and subsidiaries in existing subsidiaries and in new acquisitions. The dollar amount of permitted investment in new acquisitions is greatly reduced if Albert A. List ceases to be the chief executive officer. The banks have consented to the sale of List Industries' assets pursuant to the Reorganization Agreement, the termination of said credit agreement for \$12,000,000 and the institution of a new credit agreement for \$17,000,000 (plus a terminable line of short-term unsecured credit in an aggregate amount of \$5,000,000 which would be available to finance the operations of The Mathes Company Division) between the same banks and one of the banks which have been making loans to Glen Alden, with a number of other changes in the earlier credit agreement including increases in the \$12,000,000 figure in item (i) to \$20,000,000 and the \$38,000,000 figure in item (iii) to \$70,000,000, the elimination of the provision described in item (iv) and the inclusion of new provisions (a) that direct liabilities to creditors plus proceeds from preferred stock of subsidiaries sold after December 31, 1957 and balance sheet reserves shall not exceed 125% of consolidated net worth as defined less the amount by which \$25,000,000 exceeds certain types of charges with respect to fixed and capital assets, (b) that consolidated tangible assets as defined shall not be less than \$110,000,000 plus total outstanding borrowings under said credit agreement, and (c) changing the limitation on equity distributions to include net income of and equity distributions by List Alden Corporation after the reorganization and providing that net income be determined without reflecting certain transactions and possible accounting changes. The increase in the total borrowings permitted under the credit agreement from \$12,000,000 to \$17,000,000 and the \$5,000,000 line of short-term credit are available only upon termination of the existing short-term bank credit arrangements of Glen Alden described under "Business and Properties of Glen Alden—General".

Insofar as the terms of the \$12,000,000 List Industries credit agreement described above are concerned, the entire consolidated earned surplus of List Industries and subsidiaries at December 31, 1957 is restricted as to the payment of dividends after February 4, 1958, except for the net income of List Industries for 1957 (approximately \$250,000) and except for undistributed net earnings of subsidiaries which were not restricted under subsidiary debt agreements (approximately \$5,300,000) and which, upon distribution to List Industries, would be included in the net income of List Industries subsequent to 1957 which net income (subject to the yearly dollar limitation described above) would be available for the payment of dividends by List Industries. Insofar as the terms of the new \$17,000,000 credit agreement are concerned, the entire pro forma consolidated earned surplus of List Alden as of December 31, 1957 would have been restricted as to the payment of dividends, except for approximately \$250,000 of List Industries surplus and except for approximately \$5,300,000 of undistributed net earnings of subsidiaries not restricted under subsidiary debt agreements and which, upon distribution to List Industries after December 31, 1957, or to List Alden after the date of reorganization, would be included in the net income of List Industries or of List Alden which net income (subject to a limitation of \$3,000,000 for any calendar year) would be available for payment of dividends. Subsequent to December 31, 1957 a dividend of \$4,000,000 was paid to List Industries by a subsidiary.



List Industries and its subsidiaries have been from time to time and are now participating in negotiations with a view to investing parts of their marketable securities and proceeds of borrowings under the credit agreement in additional properties and businesses. However, at the present time, it cannot be predicted whether any such investments will be made, or if so, on what terms.

The principal assets of List Industries to be transferred to Glen Alden under the Reorganization Agreement are:

(a) All of the capital stock of RKO Theatres, Inc. (herein called "RKO Theatres"). Substantially all of the motion picture theatre and related business of List Industries is carried on in RKO Theatres and its subsidiaries as discussed below.

(b) Approximately 98.85% and 32.49% of the Common Stock and \$6 Voting Preferred Stock, respectively, of Gera Corporation (herein called "Gera"), the major portion of which was acquired as part of the assets of Arcade in 1956. RKO Theatres in addition owns 15.2% of the \$6 Voting Preferred Stock. The business of Gera is also discussed below.

(c) Certain oil and gas properties, real estate and other assets discussed under "Other Property of List Industries".

### Business and Properties of RKO Theatres

RKO Theatres and its subsidiaries operate 75 theatres in various cities in 14 states and the District of Columbia, including 32 theatres in the New York metropolitan area. The theatres vary in type and size and range from small houses to large deluxe houses containing approximately 3,200 seats. Almost all of the theatres present the first showing of films in a given neighborhood or locality.

Of these theatres, 38 are owned in fee, 7 are on land leased from others and 20 are entirely leased, both land and buildings. One of the land leases, at a \$40,000 annual rental net to the lessor, is from the RKO Theatres Pension Plan trust to which contributions have been made by List Industries, RKO Theatres and its subsidiaries and of which certain officers and employees of these companies are beneficiaries. One of the theatres is entirely leased for a \$30,000 annual rental net to the lessor from RKO Theatres Foundation (a charitable corporation, the Board of Trustees of which consists of officers and directors of List Industries). Also, RKO Theatres has a 50% interest in a company which owns 4 theatres in fee and leases 6, directly or through a subsidiary.

In addition, RKO Theatres and its subsidiaries rent six theatres to others, of which three are owned in fee, one is held under a ground lease and two are leased. The aforementioned 50% owned company also owns in fee one theatre, which is closed.

In some instances the property owned or leased includes, in the theatre building or connected therewith, other types of commercial space or properties such as offices, stores, hotels and apartments, which are rented, or are available for rental, to others.

The theatre business is operated by about 2,400 employees. Certain employees, including projectionists, stagehands and engineers, are represented by unions, including locals of the International Alliance of Theatrical Stage Employees and Moving Picture Machine Operators of the United States and Canada, AFL-CIO.

The results on a consolidated basis of the operation by RKO Theatres and its subsidiaries of theatres and related real estate assets for the past 10 years (excluding companies in which the interest is 50% or less) are indicated by the following tabulation:

Year	Gross Income (1)	Operating Income (1) (2)	Theatres Operated Number	Number of Admissions
1948	\$44,405,120	\$6,929,471	86	79,817,000
1949	41,362,752	5,715,280	89	72,217,300
1950	36,480,081	3,340,637	85	63,540,500
1951	33,917,093	2,635,474	84	53,797,100
1952	31,521,002	2,303,804	81	49,284,200
1953	34,075,569	2,303,540	79	47,162,800
1954	32,614,823	3,850,461	74	41,996,100
1955	31,355,343	3,946,034	70	37,986,100
1956	28,643,105	2,896,277	67	31,565,113
1957	26,160,565	1,564,567	65	27,713,512

(1) Includes rental income from theatres and other real estate leased to others.

(2) Before other income and other deductions, special items and federal taxes on income.

The foregoing tabulation reflects the decline in theatre attendance due to competition from television and other entertainment media as well as a reduction in the number of theatres operated. The effect of the decline in the number of admissions during the period was to some extent offset by increases in the price of admissions, admission tax eliminations and reductions, and economies in operations.

During the last three years five theatre properties (including related commercial properties), which had an aggregate book carrying value of about \$3,070,285, were sold for an aggregate of \$7,615,500. In two instances portions of the purchase price were represented by purchase money mortgages aggregating \$3,800,000 and in some cases the theatre operations have been continued under leases to wholly owned subsidiaries of RKO Theatres from the purchaser. In February 1958 RKO Theatres contracted to sell an additional theatre, which had a book carrying value of about \$300,000, for \$850,000, payable \$250,000 cash and a 25 year monthly-payment purchase money mortgage for \$600,000. This theatre will be operated by a wholly owned subsidiary of RKO Theatres under a lease from the purchaser. Continuing consideration is being given to the possible disposal of other theatre properties, the retention of which may not be economically desirable.

### Business and Properties of Gera

Gera was formerly engaged in the woolen and worsted manufacturing business. As a result of losses in 1953 and the two prior years, it suspended operations. In December 1953 and January 1954, during this suspension, Arcade acquired approximately 82% of Gera's outstanding stock for cash. During the early months of 1954, the new management decided not to recommence woolen and worsted operations and sold substantially all of the manufacturing equipment, retaining its Passaic, New Jersey, plant as industrial real estate property.

During 1954, 1955 and 1957 Gera acquired several operating divisions. At the present time its operating divisions are the USF-Aspinook Finishing Division, Triplex of America Division, Otis Terminal Warehouse Division and Railway Warehouses Division.

#### USF-Aspinook Finishing Division

The USF-Aspinook Finishing Division is one of the largest commission finishers of textiles in the United States and is the largest finisher in the specialized field of high-style decorative fabrics used in draperies and slip covers. It dyes, prints and finishes fabrics owned by its customers and is therefore a service operation. Its inventory consists primarily of dye-stuffs, chemicals and supplies and costs incurred on partially finished goods of its customers for which it has a lien on the goods.

The Division operates plants at Adams, Massachusetts, Norwich, Connecticut and Hartsville, South Carolina. These operations were acquired by Gera in March and April 1955, upon its acquisition of all the assets of The United States Finishing Company and its subsidiary, Aspinook Corporation, for \$8,074,803 cash (of which \$6,500,000 was represented by five year bank loans) and \$10,644,000 principal amount of Gera's 6% Subordinated Sinking Fund Debentures Due 1970. This acquisition also included a plant at Jewett City, Connecticut, which was operated by the Division until May 1957. Mr. List and his family had owned substantial interests in The United States Finishing Company since 1953 and in Aspinook Corporation since 1952.

The combined operating results of the four finishing plants during the last 10 years are shown by the following tabulation:

Year	Net Sales (1)	Pro Forma Operating Profits (1)
1948 .....	\$20,337,647	\$2,771,013
1949 .....	20,861,272	1,909,409
1950 .....	25,267,437	3,026,806
1951 .....	25,221,598	2,639,729
1952 .....	26,364,998	2,693,754
1953 .....	27,194,921	3,884,681
1954 .....	25,849,625	4,106,485
1955 .....	26,377,950	5,025,996
1956 .....	22,270,334	2,661,372
1957 .....	17,643,684	1,122,978

(1) Net sales and pro forma operating profits for the period up to March 1, 1955 reflect unaudited allocations as shown on the books of predecessor companies adjusted to reflect Gera's present depreciation, leasehold amortization and average plant rental expense. The profits are before other income and other deductions, special items and federal and state taxes based on income. The fiscal accounting periods and classification of sales used by the companies which owned the plants before Gera differed among such companies and the figures for the earlier years are not directly comparable with later operating results because of changes in ownership and management in the plants and the introduction of plant improvements.

The Adams and Norwich plants concentrate on the finishing and printing of fabric for draperies and slip covers but also finish and print other textile products. Cotton fabrics account for more than half of the finished yardage but they also finish rayon, linen and some fabrics of cotton and synthetic blends. Each plant has a floor area of approximately 500,000 square feet and has adequate water supply for processing purposes. The estimated present annual capacity of the plants is about 40 million yards at Adams, of which about 62% was required in 1957, and about 44 million yards at Norwich, of which about 50% was required in 1957.

The Hartsville plant is engaged primarily in finishing dress goods, particularly low end cottons, and also finishes light draperies, slip cover materials, tickings and printed shirtings. It has a floor area of about 166,000 square feet and has adequate water supply for processing purposes. Its estimated present annual capacity is approximately 50 million yards, of which about 90% was used in 1957.

The major customers of the Division are large converters, and for many years the four or five largest customers of each plant have accounted for about 50% to 80% of its business. The Division presently has approximately 1,700 employees. Substantially all hourly rated production employees are represented by unions, primarily United Textile Workers of America, AFL, at the Adams and Hartsville plants, and United Mine Workers of America, District 50, at the Norwich plant.

Operation of the Jewett City plant was discontinued in 1957 because of the decline in the aggregate finishing business available to the Division, and part of its equipment was transferred to the other plants. The consolidated net income of List Industries and its subsidiaries for 1957 reflects over \$500,000 expenses of this transfer, including costs of shutting down the plant, maintaining it idle, and realized and anticipated losses from the disposal of equipment.

The land underlying the Norwich and Hartsville plants was sold by Gera in 1955 for \$600,000 cash to Alberton Corporation, all of the stock of which is owned by Mr. List, members of his family and trusts for their benefit and Albert A. List Foundation, Inc., and the land was leased back to Gera at an annual rental net to Alberton Corporation of \$51,000. The land, water rights, buildings and building equipment at the Adams and Jewett City plants are leased to Gera at an annual rental net to the lessors of \$160,000 by the Trustees of Employees' Retirement Trust, an employees' trust to which contributions have been made by Gera and certain related companies and of which two of the trustees and certain employees of Gera and List Industries are beneficiaries. This trust owns the buildings at Adams and Jewett City and leases the land and water rights from Albert A. List Foundation, Inc. for an annual rental net to the Foundation of \$40,000.

#### *Triplex of America Division*

In October 1957 Gera acquired this Division by purchase of all the assets of Triplex Corporation of America (herein called "Triplex"). The business of Triplex since about 1946 had been the manufacture and sale of aluminum pistons for automotive and diesel engines.

The consideration for this acquisition was \$650,370 cash and \$956,950 principal amount of Gera's 6% Subordinated Sinking Fund Debentures Authorized in 1957, Due 1970, Series A, and the assumption of the \$643,000 bank loan and other current liabilities of Triplex. Royal B. Lord, a director of List Industries and Gera and Chairman of the Gera Executive Committee, was a director of Triplex and Chairman of its Executive Committee. He and members of his family had been shareholders of Triplex for three years, and in exchange for their shares of Triplex stock (approximately 6.4%), they received, upon dissolution of Triplex, an aggregate of \$41,500 cash and \$49,800 of Gera debentures.

Approximately 65% of total dollar sales of the Division and Triplex in 1957 were to three automobile manufacturers and a diesel engine manufacturer. These customers also purchase pistons from the Division's competitors and manufacture an increasing part of their requirements of these products. The Division also sells to other engine manufacturers and, for use as replacement parts, to wholesalers, jobbers and automotive engine rebuilders. The business is highly competitive.

The manufacturing facilities consist of a plant of approximately 150,000 square feet of floor space located on approximately 25 acres of land about five miles from Pueblo, Colorado. The buildings and land are leased from the City of Pueblo under a long term lease. The plant includes smelting and casting foundry facilities necessary to convert aluminum ingot and scrap to the requisite alloy and to cast such alloy into rough parts for further finishing. The plant also includes extensive machining facilities for the precision finishing of pistons. The Division presently has approximately 540 employees. Hourly rated production employees are represented by the United Steelworkers of America, CIO-AFL.

Net sales and operating profit (loss) for the years 1948 through 1956 by Triplex and for the year 1957 by both Triplex and the Triplex Division are shown in the following tabulation:

Years	Net Sales	Operating Profit (Loss) (1)
1948 .....	\$1,952,258	\$104,957
1949 .....	1,546,630	(167,810)
1950 .....	1,854,465	106,475
1951 .....	4,039,221	139,324
1952 .. ..	3,190,361	195,868
1953 .....	2,531,558	88,372
1954 .. ..	2,340,303	5,721
1955 .....	5,259,509	293,630
1956 .....	7,337,645	336,497
1957 First 9 months .....	5,989,800	176,343 (2)
Last 3 months .....	2,016,154	118,355

(1) Before other income and other deductions, special items and federal and state taxes on income.

(2) Before, for purpose of comparison with prior periods, certain net charges against operating income shown on Triplex's books aggregating \$264,361, primarily resulting from inventory adjustments by Triplex.

#### *Otis Terminal Warehouse Division*

This Division operates the Otis Terminal Warehouse in Cleveland, Ohio. The multi-story warehouse building has approximately 500,000 square feet of floor space, about 8.7% of which is subleased for short terms to various tenants. The remainder is operated by the Division as a public warehouse.

The Division occupies this warehouse under a lease which runs through 1978 and provides for an annual rental through 1958 of \$140,000 net to the lessor, declining thereafter. This property has been owned and operated since 1942 by corporations in which Mr. List or members of his family have had some interest and at the present time it is owned by members of his family, a trust for the benefit of a member of his family and a corporation in which Mr. List and his family indirectly have the major interest. Gera acquired its interest as lessee under the aforementioned lease by acquisition of the assets of the original lessee as of December 1, 1954, for \$250,000 cash and the assumption of its liabilities.

The results of operations of this warehouse property for the last 10 years are shown in the following tabulation:

Years	Gross Operating Revenue (1)	Pro Forma Operating Profit (Loss) (1) (2)
1948 .. ..	\$461,292	\$ 26,206
1949 .....	433,465	(28,518)
1950 .....	471,646	1,921
1951 .....	476,390	(2,670)
1952 .....	489,243	(20,330)
1953 .....	551,350	43,370
1954 .....	633,328	82,999
1955 .....	617,841	100,882
1956 .....	687,161	142,550
1957 .....	668,024	154,679

(1) For the period up to December 1, 1954 as shown on the books of predecessor companies adjusted to reflect Gera's present lease rental expense in lieu of building depreciation provided by predecessor companies.

(2) Before other income and other deductions, special items and federal taxes on income.

#### *Railway Warehouses Division*

This Division operates the Railway Warehouses in Cleveland, Ohio. The buildings, mostly multi-story, have approximately 383,000 square feet of floor space. About 56% of this space is leased to a single tenant under leases, the most important of which expire in 1961. The remainder is operated by the Division as a public warehouse.

In December 1957 and subsequently Gera purchased 94% of the stock of Railway Warehouses, Inc., which owned and operated the property. As of February 1, 1958 Railway Warehouses, Inc. sold the land and buildings to a wholly owned subsidiary of List Industries for approximately \$133,000 and the assumption of its 5% First Mortgage Bonds due June 15, 1967 (\$558,000), and sold its remaining assets (including equipment and supplies valued at about \$50,000) other than cash to Gera. Gera then leased the land and buildings from the subsidiary. Upon the dissolution of Railway Warehouses, Inc., Gera, as a stockholder, will receive substantially its cost of the stock.

The results of operations of Railway Warehouses, Inc. for the last 10 fiscal years, taken from its books, are shown in the following tabulation:

<u>Fiscal Year ended April 30</u>	<u>Gross Operating Revenue</u>	<u>Operating Profits (1)</u>
1948 .....	\$239,017	\$41,570
1949 .....	231,497	25,091
1950 .....	231,562	38,822
1951 .....	258,550	51,203
1952 .....	268,477	44,703
1953 .....	241,707	28,813
1954 .....	301,509	73,684
1955 .....	258,159	35,563
1956 .....	263,544	29,154
1957 .....	317,012	46,387

(1) Before other income and other deductions, special items and federal taxes on income.

#### *Other Gera Real Estate Properties*

Gera owns a manufacturing plant having approximately 230,000 square feet of floor space on a 16-acre tract at Livingston, New Jersey. This plant, formerly operated by Gera's Chatham Electronics Division, was acquired in 1954 from Chatham Electronics Corporation. In May 1957, the machinery, equipment, inventory and business of this Division were sold to a large electronics manufacturer which leased the plant for a term of 20 years at an annual rental net to Gera of \$300,000. The lessee has the option to purchase the plant in 1962 or 1967 for \$3,000,000 (approximately \$1,575,000 in excess of the net cost at which the plant is carried on Gera's books) and thereafter at prices decreasing to a minimum of \$2,000,000 in 1977. Gera is currently negotiating with a lending institution for a \$3,000,000 long-term mortgage loan on the security of this plant and the lease.

Gera also owns a textile plant in Manchester, New Hampshire. This plant, containing approximately 291,000 square feet of floor space, together with its textile machinery and equipment, was leased until February 28, 1959 for an annual rental net to Gera of \$104,000 with an option in the lessee to purchase the leased property for \$498,350. The option was exercised in March 1958. This plant was one of three acquired from Verney Corporation upon purchase of its assets in November 1955, after several years of large operating losses, for 38,650.5 shares of Gera's \$6 Voting Preferred Stock and the assumption of liabilities of Verney Corporation. The Gera Fabrics Division operated the plant for the weaving of synthetic fabrics until March 1, 1957 when it was leased as above set forth and the business and inventory was sold to the lessee. As to the other two plants, Gera continued the liquidation of their equipment which had been begun by Verney Corporation, rented parts of the plants to various tenants and subsequently sold them.

In March 1957, Gera sold its property at Passaic, New Jersey, for \$450,000 cash and a purchase money mortgage (since sold to RKO Theatres) for \$2,500,000 payable over 20 years. Since termination in 1954 of its woolen and worsted manufacturing operations, Gera had rented space in the buildings to various tenants.

#### *Other Property of List Industries*

List Industries owns, through its subsidiaries, a property at West Lynn, Massachusetts, consisting of office buildings containing approximately 66,000 square feet of floor space on a ground area of about 117,000 square feet. This property, acquired in 1956 as part of the Arcade assets and formerly operated as a plastics manufacturing plant by a predecessor, is leased in its entirety, primarily for office space, at an annual rental of \$52,000

under a lease expiring June 30, 1958, with options in the tenant to renew for two additional one-year periods at the same rental.

List Industries owns oil and gas properties in Kansas which it also acquired in 1956 as part of the assets of Arcade and which Arcade or predecessor companies had owned for many years. These properties consist of working interests (mostly one-eighth) in about 12,445 acres in Finney County, 15,243 acres in Kearney County and 7,520 acres in Haskell County, within the Hugoton Field. This working interest amounts to about 4,229 net acres. List Industries also owns minor royalty interests in oil and gas production in Kearney, Haskell and Russell Counties, Kansas. There are now 56 wells producing gas and 15 wells producing oil in which List Industries has a working interest, eight of which have been drilled since List Industries acquired its working interest. It is anticipated that a further drilling program will be commenced in 1958 pursuant to which approximately five oil wells may be drilled at an estimated cost for List Industries share of \$50,000 and that additional oil wells may be drilled in 1959. At December 31, 1957 these oil and gas properties had an unrecovered cost on the books of List Industries of \$603,167 and had an operating profit for 1957 of approximately \$63,950.

RKO Theatres is also a participant with a western Canadian oil company and another corporation in a joint venture to explore for mineral deposits in Baffin Island, Canada, and possibly other areas. The joint venture, in which RKO Theatres' initial interest is 45%, purchased a small ocean-going vessel and a helicopter, at a total cost of approximately \$122,000, by means of which explorations were carried on in the summer of 1957, and will probably be continued in 1958 and 1959. Further exploration and assessment of indications of mineral deposits will be carried on in 1958.

### DESCRIPTION OF NEW COMMON SHARES

The following is a summary of certain provisions of the Articles of Incorporation, as amended, of Glen Alden relating to the proposed new Common Shares.

The Common Shares will not be entitled to any fixed dividends, but, subject to the restrictions hereinafter referred to, shall receive such amounts as the Board of Directors may from time to time declare from available surplus under the Pennsylvania Business Corporation Law.

Common Shares will have equal voting rights of one vote per share, and under the laws of Pennsylvania will have cumulative voting rights in the election of directors.

In the event of liquidation the Common Shares will be entitled to a pro rata share of the assets after discharge of all liabilities of the corporation or adequate provision therefor.

Under Section 611 of the Pennsylvania Business Corporation Law (enacted in 1933) it is provided as follows:

"Unless otherwise provided in its Articles, a business corporation may issue shares, option rights, or securities having conversion or option rights, without first offering them to shareholders of any class or classes."

As the Articles of Glen Alden do not confer preemptive rights on the holders of its shares, it appears that the foregoing provision is applicable to the Common Shares. However, counsel have advised that in the absence of a controlling court decision on the subject it cannot be stated unqualifiedly that Common Shares may be sold for cash without first offering them to stockholders, or otherwise following procedures (as in the case of stock options which may be granted to employees) set forth in the Business Corporation Law.

The outstanding Common Shares will be fully paid and non-assessable and the holders thereof will not, as such, be subject to liability except a statutory liability under Section 514 of the Business Corporation Law for certain salaries and wages up to the par value of the shares.

As set forth under "Business and Properties of List Industries—General" the existing \$12,000,000 credit agreement of List Industries will be replaced by a new credit agreement for List Alden Corporation. Thereupon the restrictions upon distributions to stockholders contained in this new credit agreement, as well as certain statutory restrictions, will be applicable to List Alden Corporation.

## DIRECTORS AND MANAGEMENT

### *Glen Alden Election of Directors*

Glen Alden presently has nine directors including Messrs. List, Layman and Lord, who are also directors of List Industries and who were appointed directors of Glen Alden in November 1957, shortly after the acquisition by Gera of approximately 38.5% of the outstanding Glen Alden stock.

It is proposed that the election of directors of Glen Alden for the ensuing year will be held concurrently with the acquisition of the assets of List Industries pursuant to the Reorganization Agreement. If such assets are to be acquired, it is intended that the number of directors will be 17 and that, in addition to the re-election of the present directors, the directors of List Industries who are not presently directors of Glen Alden will be elected directors. If for any reason Glen Alden does not acquire the assets of List Industries, it is intended that the number of directors will be nine and that only the present directors will be re-elected. Proxies received by the management of Glen Alden will be voted accordingly with the understanding that if any of such persons is not available for election, the holders of the proxies will use their discretion in voting for a substitute, and with the further understanding that votes will be cast in such manner to assure under cumulative voting the election of the greatest number of such candidates. Pursuant to the present By-Laws all directors will be elected for a term of one year and until their successors are elected. Each of the present directors whose term as originally fixed extends beyond the annual meeting has tendered his resignation to become effective upon the election of his successor but as above stated it is the intention to re-elect such directors.

The following table sets forth for each of the present directors of Glen Alden and for the proposed additional directors: (1) his principal occupation, (2) the year in which he first became a director of Glen Alden or List Industries and (3) the shares of Glen Alden and List Industries beneficially owned, directly or indirectly, as of January 31, 1958.

1950.

Name	Principal Occupation	Served as Director of		Shares Beneficially Owned	
		Glen Alden Since	List Industries Since	Glen Alden	List Industries
NOMINEES PROPOSED FOR RE-ELECTION:					
Frank Burnside	Vice President, General Manager and Treasurer of Fowler, Dick and Walker, Inc., Wilkes-Barre, Pa. department store.	1957	—	200	—0—
Francis O. Case	President of Glen Alden and its subsidiaries.	1953	—	9,700	—0—
Wentworth P. Johnson	Senior Vice President of Fidelity-Philadelphia Trust Company, Philadelphia, Pa.	1954	—	200	—0—
Dudley G. Layman	Financial Vice President of List Industries and its subsidiaries.	1957	1953	—0—	30,000
Albert A. List	Chairman of the Board and President of List Industries and Gera and Chairman of the Board of RKO Theatres.	1957	1953	—0—	601,777(1)
Royal B. Lord	Chairman of the Executive Committee of Gera.	1957	1956	—0—	4,900
Gilbert S. McClintock	Chairman of the Board of Glen Alden, attorney and banker of Wilkes-Barre, Pa.	1934	—	5,412	—0—
John R. Steelman	Industrial consultant, Washington, D. C.	1957	—	600	—0—

Name	Principal Occupation	Served as Director of		Shares Beneficially Owned	
		Glen Alden Since	List Industries Since	Glen Alden	List Industries
Thomas Stokes	President of Stokes Coal and Oil Company, Inc. and member of the law firm of Battle, Fowler, Newman, Stokes and Kheel, New York, N. Y.	1957	—	Note (2)	100
PROPOSED ADDITIONAL NOMINEES FOR ELECTION:					
Ralph E. Case	Senior Associate of Stevenson, Jordan and Harrison, Inc., consulting engineers, New York, N. Y.	—	1957	—0—	500
T. R. Colborn	Member of the law firm of Jones, Day, Cockley & Reavis, Cleveland, Ohio.	—	1953	—0—	500
William J. Durocher	Vice President of Gera and President of the USF-Aspinook Finishing Division of Gera.	—	1956	—0—	1,354
Vera G. List (Mrs. Albert A. List)	Investor and trustee Byram, Conn.	—	1956	—0—	237,318(3)
A. Louis Oresman	Member of the accounting firm of Aronson & Oresman, and Chairman of the Board of Directors of Julius Kayser & Co., textile manufacturers, New York, N. Y.	—	1952	—0—	30,156(4)
A. H. Parker, Jr.	President of Old Colony Trust Company, Boston, Mass.	—	1956	—0—	300(5)
Edward C. Raftery	Member of the law firm of O'Brien, Driscoll and Raftery, New York, N. Y.	—	1952	—0—	100(6)
Sol A. Schwartz	Executive Vice President of List Industries, and President of RKO Theatres.	—	1950	—0—	18,000

(1) See following text with respect to additional Common Stock interest of Mr. List and others.

(2) Mr. Stokes and members of his family owned 26% of the Preferred Stock and 57% of the Common Stock of Stokes Coal and Oil Company, Inc. (retail fuel business) which owned 1,900 shares of Glen Alden. He was also trustee of a trust which owned 60 additional shares.

(3) See following text with respect to additional Common Stock interest of Mrs. List and others.

(4) Mr. Oresman is also trustee under trusts which held an aggregate of 12,400 shares of List Industries for the benefit of members of his family.

(5) Old Colony Trust Company is co-trustee with Vera G. List of certain trusts as shown in the table below.

(6) Mr. Raftery also had a beneficial interest in 1,000 shares of List Industries owned by the firm of O'Brien, Driscoll & Raftery and he was also the holder of an additional 200 shares for the benefit of members of his family.

NOTE: Each of the nominees has had substantially the same principal occupation for the last five years, except that Messrs. Layman, List, Lord and Durocher had similar positions with certain predecessor corporations.

As of January 31, 1958 an aggregate of 2,046,507 shares of List Industries were beneficially owned by Mr. List, members of his family and trusts for their benefit, and Albert A. List Foundation, Inc. (a charitable corporation of which Mr. List and members of his family are a majority of the Trustees and Overseers). These shares which constituted approximately 48.6% of the outstanding shares (excluding treasury shares and shares owned by Gera) will be the equivalent of approximately 37.2% of the shares of Glen Alden to be outstanding after the reorganization (excluding treasury shares and shares owned by Gera). The following table shows the List Industries shares owned



by this group and the equivalent shares of Glen Alden to be owned by it after the reorganization and the liquidation of List Industries. Except as otherwise stated, all shares are owned of record and beneficially.

	Shares of List Industries as of January 31, 1958	Adjusted to Reflect Shares of Glen Alden
Albert A. List .....	601,777	501,461
Vera G. List (wife) .....	237,318	197,757
Jo-Ann List Levinson (daughter)		
Direct .....	354	295
Old Colony and Vera G. List Trust (1) .....	106,500	88,747
William and Vera G. List Trust (2) .....	26,093	21,743
Total .....	132,947	110,785
Carol List Cohen (daughter)		
Old Colony and Vera G. List Trust (1) .....	106,500	88,747
William and Vera G. List Trust (2) (3) .....	19,441	16,200
Total .....	125,941	104,947
Olga List Mack (daughter)		
Direct .....	300	250
Old Colony and Vera G. List Trust (1) .....	106,500	88,747
William and Vera G. List Trust (2) .....	26,093	21,743
Total .....	132,893	110,740
Viki Laura List (daughter)		
Direct (4) .....	52,285	43,569
Vera G. List Trust .....	521,853	434,860
Total .....	574,138	478,429
Total—List family .....	1,805,014	1,504,119
Albert A. List Foundation, Inc.(5) .....	241,493	201,236
Total .....	2,046,507	1,705,355
Total issued shares (excluding treasury shares and shares owned by Gera) .....	4,207,460	4,581,376

(1) Held of record by Tarr & Company as nominee of Old Colony Trust Company and Vera G. List, co-trustees.

(2) Of which William List (Mr. Albert A. List's brother) and Vera G. List are co-trustees.

(3) Excludes 6,652 shares held of record by the Trust, but beneficially owned by Albert A. List Foundation, Inc.

(4) Includes 100 shares held of record by Vera G. List as custodian.

(5) Includes 6,652 shares held of record by William and Vera G. List Trust but beneficially owned by Albert A. List Foundation, Inc.; and also includes 74,000 shares held as trustee under short-term trusts created by Jo-Ann List Levinson and Olga List Mack who have a reversionary interest. The income of the trusts is payable to the Foundation.

### List Industries Election of Directors

List Industries now has the following 11 directors, each of whom it is proposed will be re-elected for the ensuing year at the Annual Meeting: Ralph E. Case, T. R. Colborn, William J. Durocher, Dudley G. Layman, Albert A. List, Vera G. List, Royal B. Lord, A. Louis Oresman, A. H. Parker, Jr., Edward C. Raftery and Sol A.

Schwartz. Information concerning the principal occupation of each of these nominees, the year in which he first became a director of List Industries and the shares of List Industries beneficially owned, directly or indirectly, as of January 31, 1958 is set forth under "Glen Alden Election of Directors". Each of these nominees has previously been elected a director of List Industries by the stockholders except Mr. Ralph E. Case, who for more than the last five years has been a Senior Associate of Stevenson, Jordan and Harrison, Inc., Consulting Engineers. Proxies received by the management of List Industries will be voted with the understanding that if any of such nominees is not available for election, the holders of the proxies will use their discretion in voting for a substitute, and with the further understanding that votes will be cast in such manner to assure under cumulative voting the election of the greatest number of such nominees.

#### *Remuneration*

The aggregate remuneration received from Glen Alden and its subsidiaries for 1957 by (1) each director, and each of the three highest paid officers, whose remuneration exceeded \$30,000, and (2) the directors and officers as a group, is set forth in the following table.

<u>Name</u>	<u>Capacities</u>	<u>Aggregate Remuneration</u>
Francis O. Case (1)	President, Director	\$67,400
John J. Shipherd (2)	Vice President—Sales	34,350
William W. Everett	Vice President—Operations	33,750
All directors and officers as a group		265,375

(1) Mr. Case has an employment contract which became effective March 1, 1953, expires February 28, 1959 and provides for a salary of \$65,000 per year and for deferred contingent compensation beginning at age 65 for life equal to \$3,600 for each year of employment under the contract. If he serves the full six years, such deferred compensation will be \$21,600 per year beginning December 9, 1959. The contract also gives him an option to purchase 20,000 shares of Glen Alden at \$10.60 per share, of which he purchased 10,000 shares on April 4, 1957. On that date trading in Glen Alden shares closed on the American Stock Exchange at 11.

(2) Resigned January 1, 1958.

The stockholders of Glen Alden on April 28, 1953 approved an Employees Stock Option Plan which, as amended, provides for options to officers and key employees, other than the President, as designated by its Board of Directors, to purchase an aggregate of not to exceed 50,000 shares of Glen Alden at not less than 95% of the fair market value of such shares at the time of granting the options. Options of more than 10,000 shares may not be granted to any optionee. The Plan provides that options shall expire five years from the date granted. The Plan terminates in 10 years from its date unless terminated earlier by the Board of Directors. At February 22, 1958 options covering an aggregate of 18,600 shares were outstanding. Options covering 12,550 of these shares were granted on January 19, 1955 at a price of \$13.10 a share. Options on the remaining 6,050 shares were granted on July 20, 1955 at a price of \$14.80 a share. On these dates the closing prices of Glen Alden shares on the American Stock Exchange were 13¾ and 15½, respectively.

Wentworth P. Johnson, a director of Glen Alden, is Senior Vice President of Fidelity-Philadelphia Trust Company. This bank, in the normal course of its business, has made loans to Glen Alden and is one of a number of banks which extend credit to Glen Alden and one of its subsidiaries. It will also be a participant in the proposed new credit agreement referred to on page 13.

The aggregate remuneration received from List Industries and its subsidiaries for 1957, by (1) each director, and each of the three highest paid officers, whose remuneration exceeded \$30,000, and (2) the directors and officers as a group, is set forth in the following table. The estimated annual benefits to them under the RKO Theatres Pension Plan are also shown as well as the total contributions to date for their benefit by Gera and others under the Employees' Retirement Plan.

<u>Name</u>	<u>Capacity</u>	<u>Remuneration</u>	<u>Estimated Annual Benefits upon Retirement Under Pension Plan (1)</u>	<u>Cumulative Aggregate Contributions Under Employees' Retirement Plan (2)</u>
Sol A. Schwartz (3)	Executive Vice President	\$78,300	\$17,411	None
Dudley G. Layman	Financial Vice President	50,192	None	\$22,680
William J. Durocher	President of USF-Aspinook Finishing Division	50,000	None	12,109
Royal B. Lord	Chairman of Executive Committee of Gera	39,652	None	4,794
Albert A. List (4)	Chairman of Board, President	36,138	None	29,980
All directors and officers as a group (5)		402,935		

- (1) The estimated benefits under the RKO Theatres Pension Plan become payable to Mr. Schwartz if (i) his employment continues until normal retirement age of 65; (ii) payments by employer corporations are sufficient to permit payment of pensions at the rate now contemplated; and (iii) his remuneration continues at its current rate until normal retirement age.
- (2) The Employees' Retirement Plan is a deferred profit sharing plan maintained by List Industries (since 1956) and by Gera and certain related companies for their eligible salaried employees. Under the Plan, which may be amended or terminated at the option of Gera, List Industries and Gera contribute annually, to the extent deductible for federal income tax purposes, 10% of Gera's net earnings, as defined, in excess of \$3,000,000 (subject to minor adjustments for 1957 and future years). Such net earnings for 1957 were not sufficient to produce contributions for that year. As the benefits to be paid in the future under the Plan depend upon many contingencies, including the future earnings, such benefits cannot be practicably estimated.
- (3) Mr. Schwartz serves as chief executive of RKO Theatres and its subsidiaries under an Employment Agreement with List Industries which expires April 30, 1959 and provides for salary at the rate of \$78,000 a year during active employment, to be followed by a five-year consultant arrangement at an annual fee of \$30,000, subject to certain rights in Mr. Schwartz and List Industries to terminate active employment at an earlier date. On July 2, 1957, Mr. Schwartz purchased 5,000 shares of List Industries at \$3.98 per share by exercise of an option granted in 1953 under the Incentive Stock Option Plan. The closing price of List Industries shares on the New York Stock Exchange on that date was 9 3/4.
- (4) Mr. List is not receiving any salary in 1958.
- (5) In addition to the option exercised by Mr. Schwartz, other officers exercised options previously granted to them under which they purchased an aggregate of 1,600 shares of List Industries at \$3.98 per share on May 21, December 9, and December 17, 1957, and the closing prices of List Industries shares on the New York Stock Exchange on these dates were 8 1/2, 8 1/4 and 7 1/2, respectively.

In 1953 the stockholders of List Industries adopted an Incentive Stock Option Plan under which, as amended, the Stock Option Committee (consisting of three directors who are not eligible to participate in the Plan) was authorized to grant up to but not after May 7, 1960 options covering not to exceed an aggregate of 250,000 shares of Common Stock to regular employees including officers of List Industries or its subsidiaries. Options in excess of 25,000 shares may not be granted to any employee. The option price is 95% of the fair market value of the Common Stock at the time the option is granted. Under the Plan the term of each option is seven years from the date of granting or three months after termination of employment, whichever is earlier. Each option is exercisable in equal amounts over a period of five years. Each optionee shall agree to remain in the employ of List Industries or a subsidiary for at least two years after the granting of the option. The options are Restricted Stock Options under the Internal Revenue Code. In the event of the death of the optionee, the option may be exercised for a period of six months thereafter by his legatees, personal representatives or distributees. Each optionee must represent that any shares purchased under the option will be purchased for investment and not with a view to resale or distribution. No disposition (as defined in the Internal Revenue Code) of any shares purchased under the option can be made by the optionee within two years after the granting of the option, nor within six months from the date of their purchase.

In accordance with the terms of the Plan options were granted in 1953, 1955 and 1956. At December 31, 1957, there were 59,550 shares available for additional options and 107,250 shares were subject to outstanding stock option agreements. The following tabulation sets forth information concerning the shares subject to outstanding stock option agreements:

<u>Shares</u>	<u>Option Price</u>	<u>Market Price at Date Granted</u>
18,800 (1)	\$ 3.98	\$ 4.19
4,000 (2)	10.98	11.56
84,450 (3)	7.13	7.50

- (1) Includes 5,000 shares optioned to Sol A. Schwartz, Executive Vice President of List Industries and President of RKO Theatres, Inc. and its subsidiaries; and an aggregate of 4,800 shares to other officers of List Industries.
- (2) Includes 1,000 shares optioned to an officer of List Industries.
- (3) Includes 12,000 shares optioned to Dudley G. Layman, Financial Vice President of List Industries and its subsidiaries; 12,000 shares to William J. Durocher, Vice President of Gera Corporation and President of its USF-Aspinook Finishing Division; 12,000 shares to Royal B. Lord, Chairman of the Executive Committee of Gera Corporation; and an aggregate of 6,500 shares to other officers of List Industries.

As stated under "Assumption of List Industries Incentive Stock Option Plan" Glen Alden, as part of the reorganization, will assume the obligations of List Industries under the stock option agreements and adopt the Plan.

T. R. Colborn, a director of List Industries, is a partner in the law firm of Jones, Day, Cockley & Reavis. List Industries and its subsidiaries paid such firm \$85,000 for legal services for the year 1957.

Edward C. Raftery, a director of List Industries, is a partner in the law firm of O'Brien, Driscoll & Raftery. During 1957 List Industries and its subsidiaries paid such firm \$85,000 for legal services, some of which were rendered in 1956. An additional \$25,000 will be paid to such firm in 1958 and also in 1959 for such services.

A. H. Parker, Jr., a director of List Industries, is President of Old Colony Trust Company, which is an affiliate of The First National Bank of Boston. This bank is one of a number of banks which, in the normal course of their business, have from time to time made loans and extend credit to List Industries and some of its subsidiaries. It will also be a participant in the proposed new credit agreement referred to on page 13.

## LITIGATION

Except as hereinafter stated there is no litigation pending against Glen Alden or List Industries or their subsidiaries or in which any of them is involved other than litigation involving matters arising in the ordinary course of business and customarily found in companies of comparable size and character.

### Glen Alden

(a) An action for treble damages against Glen Alden for allegedly unlawfully mining coal of the alleged value of \$1,640,000 from a 14 acre tract of land in Luzerne County, Pennsylvania. A former claim by the plaintiffs, filed in 1953, was dismissed by the Federal District Court for the Middle District of Pennsylvania for want of jurisdiction. The new case has not progressed sufficiently to warrant a statement as to possible liability.

(b) Eight trespass cases pending in the Court of Commons Pleas of Luzerne County, Pennsylvania, against Scranton-Spring Brook Water Service Company, claiming damages allegedly resulting from illuminating gas poisoning. While the suits were instituted against the Water Service Company, that concern has brought Glen Alden in as an additional defendant. In the opinion of counsel, while the deaths or personal injuries involved in these actions were not the result of negligence by Glen Alden, they may represent an undetermined potential liability but the amount of ultimate total recovery, if any, against the defendants by all plaintiffs will not exceed \$100,000.

(c) A stockholder's derivative action filed in April 1956 in the Supreme Court of the State of New York, Kings County, against the then directors of Glen Alden and naming Glen Alden as a defendant and relating to the sale of coal properties in 1953 to Robert Y. Moffat as set forth under "Certain Recent Developments in Coal Operations". In the event this litigation is successful the only liability against Glen Alden, of which counsel for Glen Alden are aware, is for expenses that might have been incurred subsequent to November 30, 1957.

(d) An assumpsit action against Glen Alden is pending in the Court of Common Pleas of Luzerne County, Pennsylvania in which approximately \$350,000 is claimed under an alleged contract to purchase run-of-mine coal. The claim was first instituted in 1953, and after several complaints had been filed was discon-

tinued by the plaintiffs. It was reinstituted in February 1957 by the filing of a new complaint. Glen Alden denies any liability for the claim and is contesting it, but the matter has not reached the stage where a statement can be made as to what liability, if any, may exist.

(e) On January 22, 1958 Glen Alden appealed to the Court of Common Pleas of Luzerne County, Pennsylvania, orders of the Board of Assessment and Revision of Taxes for Luzerne County, entered December 31, 1957. See "Certain Recent Developments in Coal Operations" for further information with respect to this litigation.

### List Industries

Approximately 36 civil suits for damages, injunctive relief or both, were pending on February 28, 1958 against List Industries or its subsidiaries in which violation of Federal or State Anti-Trust laws is alleged with regard to their motion picture business. Other companies in the motion picture industry are also defendants in these cases and in the opinion of counsel for List Industries and its subsidiaries most of such defendants will share any liability. In those suits in which money judgment is asked, the total amount of treble damages claimed (including about \$102,000,000 in two related cases and \$15,000,000 in another case) is approximately \$163,000,000 plus attorneys' fees and court costs. However, in view of the history of the industry with respect to cases that have been settled or have gone to final judgment, it is the opinion of counsel that although liability in connection with the foregoing suits is not presently determinable the ultimate liability may be only a small fraction of the amount claimed. (See Note G to List Industries financial statements).

In February 1957 Mr. List transferred to List Industries \$1,000,000 principal amount of 3½% notes due March 31, 1959 of Arcade (which had been assumed by List Industries upon acquisition of the Arcade assets) in exchange for the non-interest bearing obligation of List Industries to pay \$797,978.59 on March 31, 1959; and on December 31, 1957 he transferred to List Industries \$1,200,000 principal amount of Gera's 6% Subordinated Sinking Fund Debentures Due 1970 in exchange for the non-interest bearing obligation of List Industries payable in semi-annual installments of \$36,000 each through July 1, 1970 and \$37,500 each thereafter through July 1, 1974. These transactions were pursuant to arrangements approved by the court early in 1957 to dispose, without the inconvenience, delay and expense of further litigation, of certain derivative stockholder actions brought in 1956 against List Industries and its then directors, relating to the acquisition of the Arcade assets in 1956 by List Industries.

On March 1, 1957 a proceeding was instituted on behalf of the trustees for the benefit of the creditors and stockholders of Fox Theatres Corporation against List Industries and one of its subsidiaries and others asking that List Industries be required to turn-over to plaintiffs its interest in Metropolitan Playhouses, Inc. and to account for the profits derived therefrom. A subsidiary of List Industries is the beneficial owner of 20% of the Class A stock of Metropolitan Playhouses, Inc., the interest of List Industries referred to in the suit. This interest is carried upon the books of the subsidiary at \$223,982. In the opinion of counsel, List Industries has a good defense on the merits to this claim.

In November 1957 a stockholder holding 10 shares brought derivative suits in Delaware and in New York against David J. Greene, a former director, and List Industries, in which all present directors are named as defendants but have not been served with process. The complaint in each case alleges a conspiracy among the directors to use funds and assets of List Industries to purchase its stock from David J. Greene at a price in excess of its market value and requests either the rescission of such sale or the payment of damages of not less than \$350,000, plus costs and reasonable attorneys' and accountants' fees. In the opinion of counsel, the defendants have a good defense on the merits to these suits.

### RESOLUTIONS PROPOSED BY LIST INDUSTRIES STOCKHOLDERS

Messrs. Lewis D. Gilbert and John J. Gilbert of 1165 Park Avenue, New York 28, N. Y., each of whom is the owner of 10 shares of List Industries and representing an additional family interest of 120 shares, have advised List Industries that they intend to introduce the following resolutions at the Annual Meeting of List Industries:

## PROPOSAL I.

"RESOLVED: That the stockholders of List Industries Corporation, assembled in annual meeting in person and by proxy, hereby request that following the annual meeting a post-meeting report be sent to all owners of the Corporation, containing a summary of the discussion, shareholder questions of importance and management answers, and the actual vote for and against all proposals.

### REASONS

"Owners not able to attend the Annual Meeting, due to business or geographical reasons, have the right to expect their management to adequately inform them of what took place.

"Textron, Standard Oil of New Jersey, Twentieth Century-Fox and Radio Corporation of America are among the many corporations now sending post-meeting reports to all shareowners. List Industries should follow their example.

"If you agree, please mark your proxy FOR this resolution; otherwise it is automatically cast against it."

**The management of List Industries recommends that the stockholders vote "Against" this resolution.**

It is believed that the business normally conducted at the Annual Meeting is generally of such a routine nature as to not justify the expense involved in preparing, printing and mailing a post-meeting report to all of the more than 7,000 stockholders. As regards the 1958 Annual Meeting, if the proposed action is taken to approve the Reorganization Agreement and to authorize the dissolution of List Industries, each List Industries stockholder, upon the dissolution becoming effective, will be promptly advised of such action and given instructions as to the procedure for surrendering his List Industries certificates for the shares of Glen Alden to which he may be entitled.

## PROPOSAL II.

"RESOLVED: That the stockholders of List Industries Corporation, assembled in annual meeting in person and by proxy, hereby request that any extensions of the Incentive Stock Option Plan, taking the form of an increase in the total number of shares which may be optioned under the Plan, or any new stock option plan, be made subject to the following provisions:

- (a) That all shares purchased through the exercise of an option will be held by the optionee for at least three years subsequent to the option's exercise;
- (b) That the purchase price per share under the option will be not less than 100% of the fair market value of the shares of Common Stock of the Corporation at the time such option is granted;
- (c) That shares to be optioned will be optioned in yearly installments as nearly equal as possible over a period of not more than ten years, such period to be determined by the Board of Directors or its Committee, and that the right to purchase shares in each installment will not be cumulative and will expire to the extent not exercised during the applicable installment period.

### REASONS

"American Express Company and Twentieth Century-Fox have disclosed in recent proxy statements the institution of a two-year holding period *after* exercise, which is the principle this resolution seeks to establish.

"Assurance that an incentive is created by the option can best be realized by fixing the purchase price at 100% of market.

"The non-cumulative installment provision has been adopted at American Can and serves to prevent an exorbitant profit at the end of the overall option period which may come about because of conditions having nothing to do with the operations of the business."

**The management of List Industries recommends that the stockholders vote "Against" this resolution.**

There are no present plans to extend the Incentive Stock Option Plan which was originally approved by the stockholders in 1953 and subsequently amended in 1957 or to adopt any new stock option plan. Before the existing Plan was formulated a full study was made of the plans adopted by other corporations and it was the belief that this Plan was best adapted to the requirements of List Industries. In the event the Plan were to be extended or a new plan were to be adopted, a further study would be made in connection therewith.

As set forth elsewhere in this Proxy Statement it is proposed that the stockholders of Glen Alden, as part of the proposed reorganization, ratify and adopt the outstanding stock option agreements, as modified, of List Industries and also the Incentive Stock Option Plan.

### GENERAL

Each of the corporations will pay the entire cost of solicitation of proxies for their respective meetings.

In addition to the solicitation of proxies by use of the mails, directors, officers and regular employees of each corporation may solicit the return of proxies and Georgeson & Co., assisted by approximately 40 persons, has been retained to aid in the solicitation of proxies for both corporations. For these services it will receive fees from List Industries and Glen Alden, plus out-of-pocket expenses and compensation and expenses of assistants employed in such solicitation, the total of which is estimated at \$6,667 in the case of List Industries and \$3,333 in the case of Glen Alden. Proxies will be solicited by personal interview, mail, telephone and telegraph. Brokerage houses and other custodians, nominees and fiduciaries may be requested to forward soliciting material to the beneficial owners of stock and will be reimbursed for their expenses.

Ebasco Services Incorporated, which has given to both corporations its opinion that the proposed reorganization plan is fair and equitable to the stockholders of both corporations, will be paid a fee based on per diem charges plus expenses, the total of which is estimated at \$36,667 in the case of List Industries and \$18,333 in the case of Glen Alden.

March 20, 1958.

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# LIST ALDEN CORPORATION AND SUBSIDIARIES

## PRO FORMA BALANCE SHEET—DECEMBER 31, 1957

(Giving effect to the subsequent changes and proposed transactions described in the Notes hereto)

	Glen Alden Corporation and Subsidiaries	List Industries Corporation and Subsidiaries	Subsequent Changes and Proposed Transactions—Note B		List Alden Corporation and Subsidiaries (Pro Forma)
			Additions	Reductions	
ASSETS					
CURRENT ASSETS					
Cash .....	\$ 2,125,194	\$ 8,358,247			\$ 10,483,441
Marketable securities, at cost (approximate market) ..		6,098,949			6,098,949
Notes and accounts receivable (net of \$3,397,967 notes receivable discounted) less allowances .....	8,230,160	4,449,893			12,680,053
Mortgage receivable—current portion .....	97,228				97,228
Inventories .....	11,402,709	2,454,476			13,857,185
Prepaid expenses .....	300,164	1,018,419			1,318,583
Indebtedness of affiliated companies not consolidated ..		51,962			51,962
Total current assets .....	22,155,455	22,431,946			44,587,401
CONTRA ITEM					
Cash—appropriated for prepayment, on January 2, 1958, of notes payable .....		3,000,000		\$(1) 3,000,000	—
INVESTMENTS AND OTHER ASSETS					
United States Government securities, at cost .....	1,239,497				1,239,497
Mortgages and mortgage notes receivable .....	295,632	7,161,997			7,457,629
Investment in Glen Alden Corporation—673,473 shares (38.5%) acquired October 1957—at cost .....		8,719,109		(4) 8,719,109	—
Other investments, deposits and accounts .....	589,731	647,445			1,237,176
	2,124,860	16,528,551		8,719,109	9,934,302
PROPERTY, PLANTS, EQUIPMENT AND LEASEHOLDS.....					
127,684,904	79,255,419		(6) 11,500,001		195,440,322
Less allowances for depreciation, depletion and amort- ization .....	73,141,507	43,666,479		(6) 6,906,837	109,901,149
	54,543,397	35,588,940		4,593,164	85,539,173
GOODWILL, CONTRACTS NOT TO COMPETE, COST IN EX- CESS OF EQUITY IN NET ASSETS OF SUBSIDIARIES AT DATES OF ACQUISITION AND EXCESS OF COST OVER APPRAISAL VALUE OF ASSETS ACQUIRED.....					
	6,577,596	4,159,434			10,737,030
DEFERRED CHARGES					
Unamortized debt discount and expense .....		827,835			827,835
Other .....	1,099,644	185,180			1,284,824
	1,099,644	1,013,015			2,112,659
	\$86,500,952	\$82,721,886		\$ 16,312,273	\$152,910,565

# LIST ALDEN CORPORATION AND SUBSIDIARIES

## PRO FORMA BALANCE SHEET—DECEMBER 31, 1957

(Giving effect to the subsequent changes and proposed transactions described in the Notes hereto)

	Glen Alden Corporation and Subsidiaries	List Industries Corporation and Subsidiaries	Subsequent Changes and Proposed Transactions—Note B		List Alden Corporation and Subsidiaries (Pro Forma)
			Reductions	Additions	
<b>LIABILITIES</b>					
<b>CURRENT LIABILITIES</b>					
Notes payable .....	\$ 4,269,130				\$ 4,269,130
Accounts payable .....	3,485,779	\$ 1,942,173			5,427,952
Federal income taxes—estimated .....		1,138,000			1,138,000
Accrued expenses and other liabilities .....	2,268,297	3,162,235			5,430,532
Portion of long-term debt due within one year .....	990,976	1,613,750			2,604,726
Dividend payable January 13, 1958 .....		1,051,865			1,051,865
Total current liabilities .....	11,014,182	8,908,023			19,922,205
<b>CONTRA ITEM</b>					
Notes payable to banks and others—paid January 2, 1958 .....		3,000,000	\$ (1)3,000,000		—
<b>OTHER LIABILITIES</b>					
Workmen's compensation awards and pending claims..	637,271				637,271
Estimated federal taxes on gains to be reported for tax purposes in future years .....		826,000			826,000
Other non-current liabilities .....	218,502	207,386			425,888
	855,773	1,033,386			1,889,159
<b>LONG TERM DEBT</b>					
Notes and other obligations of parent company .....	3,594,000	1,925,979			5,519,979
Notes, debentures and bonds of subsidiaries .....	500,000	23,635,562			24,135,562
Subordinated debentures of a subsidiary .....		7,394,400			7,394,400
	4,094,000	32,955,941			37,049,941
<b>RESERVES</b>					
Taxes and contingencies .....	1,250,000	1,994,893			3,244,893
Workmen's compensation, mining hazards and fire insurance .....	1,216,000				1,216,000
	2,466,000	1,994,893			4,460,893
<b>MINORITY STOCKHOLDERS' INTEREST IN SUBSIDIARIES.....</b>					
		1,680,376			1,680,376
<b>STOCKHOLDERS' EQUITY—Note A</b>					
<b>Capital stock</b>					
Glen Alden Corporation, \$1.00 par value, authorized 2,500,000 shares, issued 1,844,687 shares .....	1,844,687			\$ (3) 3,621,703	5,466,390
(authorized 7,500,000 shares, issued 5,466,390 shares on pro forma basis)					
List Industries Corporation Common (4,373,844 shares issued) .....		4,373,844	(2) 27,800		—
			(3) 4,346,044		
Capital surplus .....	65,223,726	17,675,170	(2) 55,600	(3) 724,341	83,567,637
Earned surplus .....	2,261,691	12,494,652	(2) 44,341		10,118,838
			(6) 4,593,164		
	69,330,104	34,543,666	9,066,949	4,346,044	99,152,865
<b>Less treasury stock—at cost:</b>					
Glen Alden Corporation:					
96,054 shares					
885,014 shares on pro forma basis, including	1,259,107			(4) 8,719,109	11,244,874
788,960 shares held by a subsidiary				(5) 1,266,658	
List Industries Corporation					
166,384 shares, including 138,584 shares held by a subsidiary .....		1,394,399	(2) 127,741		
			(5) 1,266,658		
	68,070,997	33,149,267	7,672,550	(5,639,723)	87,907,991
	\$86,500,952	\$82,721,886	\$ 10,672,550	\$ (5,639,723)	\$152,910,565

# NOTES TO PRO FORMA BALANCE SHEET

December 31, 1957

- A. In considering the pro forma balance sheet as at December 31, 1957 reference should be made to the financial statements including the notes thereto of Glen Alden Corporation and Subsidiary Companies and of LIST Industries Corporation and Subsidiary Companies set forth elsewhere in this Proxy Statement.

This pro forma balance sheet gives effect to the proposed reorganization as a "pooling of interests", in which the equities of the stockholders of Glen Alden Corporation and of LIST Industries Corporation have been combined. For dividend restrictions arising from credit agreements, see "Business and Properties of List Industries—General." Under Pennsylvania law, some portion of the combined earned surpluses may be regarded as capital surplus for the purpose of determining the amount available for the payment of dividends without specific stockholder approval.

- B. Explanation of entries to reflect subsequent changes and proposed transactions:

1. The payment on January 2, 1958 of \$3,000,000 notes payable of LIST Industries.
2. The elimination of 27,800 shares of LIST Industries Corporation Treasury Stock (\$2.00 per share attributed to capital surplus).
3. The issue of 3,621,703 shares of Glen Alden Corporation stock in exchange for the net assets of List Industries Corporation and the distribution of such stock to the shareholders of LIST Industries Corporation.
4. The classification of the 673,473 shares of Glen Alden Corporation held by Gera Corporation as a reduction of the consolidated net worth of the combined companies.
5. The distribution in liquidation to Gera Corporation by LIST Industries Corporation of 115,487 shares of Glen Alden Corporation stock for 138,584 shares of LIST Industries Corporation stock and the classification thereof as a reduction of the consolidated net worth of the combined companies.
6. The distribution of the stock of three newly created companies to the holders of the stock of Glen Alden Corporation (See Note 14 to Financial Statements of Glen Alden Corporation).

# LIST INDUSTRIES CORPORATION AND SUBSIDIARIES

## THREE-YEAR STATEMENT OF COMBINED INCOME (Presented on the basis described in Note 1 hereto)

	Pro Forma 1955	Pro Forma 1956	1957
Theatre admissions, net sales of products and services, rentals and other operating revenues .....	\$59,989,669	\$63,379,760	\$55,433,254
Expenses:			
Theatre and building operating expenses, cost of products and services sold, selling general and administrative expenses ....	48,869,425	54,031,511	48,957,838
Depreciation, depletion and amortization .....	2,894,426	3,280,011	2,778,373
	<u>51,763,851</u>	<u>57,311,522</u>	<u>51,736,211</u>
	8,225,818	6,068,238	3,697,043
Other income:			
Interest .....	142,516	356,906	908,564
Gain on sale of securities .....	188,415		
Dividends and miscellaneous .....	134,100	118,344	213,200
	<u>465,031</u>	<u>475,250</u>	<u>1,121,764</u>
	8,690,849	6,543,488	4,818,807
Other charges:			
Interest .....	1,304,167	1,396,954	1,343,066
Amortization of debt discount and expense .....	158,832	171,338	80,969
Amortization of excess of investment in subsidiaries over equity in their net assets at date of acquisition .....	227,035	227,035	227,035
Minority stockholders interest in net income of subsidiaries ....	133,235	116,904	94,738
Miscellaneous .....	142,110	157,336	117,230
	<u>1,965,379</u>	<u>2,069,567</u>	<u>1,863,038</u>
INCOME BEFORE INCOME TAXES AND SPECIAL ITEMS .....	<u>6,725,470</u>	<u>4,473,921</u>	<u>2,955,769</u>
Provision for federal and Canadian income taxes .....	1,465,926	2,300,000	1,098,000
Federal income taxes applicable to special items .....	285,000	( 1,085,000)	( 180,000)
	<u>1,750,926</u>	<u>1,215,000</u>	<u>918,000</u>
NET INCOME BEFORE SPECIAL ITEMS .....	<u>4,974,544</u>	<u>3,258,921</u>	<u>2,037,769</u>
Special items:			
Profit on sale of properties less, in 1957, expenses of closed plant, losses and provision for possible losses on property disposals .....	37,288	3,991,009	( 317,308)
Loss in connection with a theatre lease .....	( 500,000)		
	<u>( 462,712)</u>	<u>3,991,009</u>	<u>( 317,308)</u>
Federal income taxes applicable to special items .....	285,000	( 1,085,000)	( 180,000)
	<u>( 177,712)</u>	<u>2,906,009</u>	<u>( 497,308)</u>
NET INCOME .....	<u>\$ 4,796,832</u>	<u>\$ 6,164,930</u>	<u>\$ 1,540,461</u>

See accompanying notes.

## NOTES TO THREE-YEAR STATEMENT OF COMBINED INCOME

- The three-year statement of combined income includes the operations of Gera Corporation for the year 1955 and the four months of 1956 prior to the acquisition of Gera by LIST, on the basis of the minority interest in Gera outstanding at December 31, 1957. Combined earnings have been charged with appropriate amortization of the excess of the cost of LIST's investment in Gera over the equity in Gera's net assets at May 1, 1956, approximate date of acquisition.

This three-year statement should be read in conjunction with the audited financial statements, including the notes thereto, of LIST Industries Corporation and subsidiaries for the three years ended December 31, 1957 and of Gera Corporation for the period of one year and four months ended April 30, 1956.

- The operations of Gera included herein include the operations of certain divisions (including a subsidiary) of Gera only for that part of the three years during which they were owned and operated by Gera.

The divisions sold during the three years, and their respective net sales and operating income (before other income and other charges, income taxes and special items) included herein are as follows:

<u>Division</u>	<u>Amounts Included Herein</u>	
	<u>Net Sales</u>	<u>Operating Income (Loss)</u>
1955		
Chatham Electronics (full year) .....	\$ 5,552,604	\$ 889,738
Gera Fabrics (since November 18) .....	636,898	29,007
1956		
Chatham Electronics (full year) .....	6,187,937	561,888
Gera Fabrics (full year) .....	5,011,925	( 204,468)
1957		
Chatham Electronics (to May 19) .....	7,402,389	726,822
Gera Fabrics (to March 2) .....	970,169	( 217,754)

Data, prepared on a similar basis, as to the year of acquisition and years prior thereto with respect to divisions acquired during the period and owned at December 31, 1957 are as follows:

<u>Division</u>	<u>Amounts Included Herein</u>		<u>Full Year Results (a)</u>	
	<u>Net Sales</u>	<u>Operating Income (Loss)</u>	<u>Net Sales</u>	<u>Operating Income</u>
1955				
U. S. F. Aspinook .....	\$21,467,335 (b)	\$ 3,384,322 (b)	\$26,377,950	\$ 5,025,996
Triplex of America .....	—	—	5,259,509	293,630
Railway Warehouses, Inc. ....	—	—	258,159	35,563
1956				
Triplex of America .....	—	—	7,337,645	336,497
Railway Warehouses, Inc. ....	—	—	263,544	29,154
1957				
Triplex of America .....	2,016,154 (c)	118,355 (c)	8,005,954	294,698
Railway Warehouses, Inc. ....	23,798 (d)	( 72) (d)	317,012	46,387

(a) Reference is made to information as to the basis of these amounts under the caption "Business and Properties of List Industries" in this Proxy Statement.

(b) Ten months.

(c) Three months.

(d) One month.

## REPORTS OF INDEPENDENT PUBLIC ACCOUNTANTS

*To The Board of Directors of*  
LIST INDUSTRIES CORPORATION

We have examined the consolidated financial statements of LIST Industries Corporation (formerly RKO Theatres Corporation) and Subsidiaries for the years ended December 31, 1956 and 1957. Our examinations were made in accordance with generally accepted auditing standards, and accordingly included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

In our opinion, the accompanying balance sheet and statements of income and surplus present fairly the consolidated financial position of LIST Industries Corporation and Subsidiaries at December 31, 1957, and the consolidated results of their operations for the two years then ended, in conformity with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

ERNST & ERNST

New York, New York

March 20, 1958

*To the Board of Directors of*  
LIST INDUSTRIES CORPORATION  
(formerly RKO Theatres Corporation)

We have examined the financial statements of RKO Theatres Corporation and its subsidiary companies for the year ended December 31, 1955. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

In our opinion, the accompanying statements of consolidated income and surplus present fairly the results of operations of RKO Theatres Corporation and its subsidiary companies for the year 1955, in conformity with generally accepted accounting principles.

PRICE WATERHOUSE & Co.

56 Pine Street  
New York 5, N. Y.  
April 2, 1956

# LIST INDUSTRIES CORPORATION AND SUBSIDIARIES

## CONSOLIDATED BALANCE SHEET

December 31, 1957

### ASSETS

#### CURRENT ASSETS

Cash .....		\$ 8,358,247
Marketable securities, at cost (approximate market) .....		6,098,949
Notes and accounts receivable .....	\$ 4,613,004	
Less allowances .....	163,111	4,449,893
Inventories—Note B:		
Finished .....	\$ 645,188	
Work in progress .....	920,461	
Raw materials and supplies .....	888,827	2,454,476
Prepaid expenses .....		1,018,419
Indebtedness of affiliated companies not consolidated .....		51,962
<b>TOTAL CURRENT ASSETS .....</b>		<b>\$22,431,946</b>

#### CONTRA ITEM

Cash—appropriated for prepayment, on January 2, 1958, of notes payable .....	3,000,000
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#### INVESTMENTS AND OTHER ASSETS

Investment in Glen Alden Corporation—673,473 shares (38.5%) acquired October 1957—at cost—Note L .....	\$ 8,719,109	
Investments in other affiliated and other companies .....	478,927	
Mortgage notes receivable .....	7,161,997	
Deposits, sundry investments and accounts .....	168,518	16,528,551

<b>COST IN EXCESS OF EQUITY IN NET ASSETS OF SUBSIDIARIES AT DATES OF ACQUISITION—less amortization—Note C .....</b>	<b>4,159,434</b>
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#### PROPERTY, PLANTS, EQUIPMENT AND LEASEHOLDS—Note D

Land, including perpetual leaseholds .....	\$17,386,038	
Buildings and building equipment .....	31,957,954	
Machinery and equipment .....	20,163,486	
Leasehold improvements and equipment .....	8,124,231	
Leaseholds .....	1,623,710	
	\$79,255,419	
Less allowances for depreciation, depletion and amortization .....	43,666,479	35,588,940

#### DEFERRED CHARGES

Unamortized debt discount and expense—Note C .....	\$ 827,835	
Sundry .....	185,180	1,013,015
		<u>\$82,721,886</u>

See notes to financial statements.

# LIST INDUSTRIES CORPORATION AND SUBSIDIARIES

## CONSOLIDATED BALANCE SHEET

December 31, 1957

### LIABILITIES

#### CURRENT LIABILITIES

Accounts payable .....		\$ 1,942,173
Federal income taxes—estimated—Note E .....		1,138,000
Accrued expenses and other liabilities:		
Interest .....	\$ 190,463	
Pay rolls .....	595,960	
Taxes, other than federal income taxes .....	1,407,806	
Other .....	968,006	3,162,235
Portion of long-term debt due within one year—Note F .....		1,613,750
Dividend payable January 13, 1958 .....		1,051,865
<b>TOTAL CURRENT LIABILITIES .....</b>		<b>\$ 8,908,023</b>

#### CONTRA ITEM

Notes payable to banks and others—paid January 2, 1958 .....	3,000,000
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#### OTHER LIABILITIES

Estimated federal taxes on gains to be reported for tax purposes in future years..	\$ 826,000	
Rent deposits and sundry .....	207,386	1,033,386

#### LONG-TERM DEBT—Note F

Obligations of parent company .....	\$ 1,925,979	
Notes, debentures and bonds of subsidiaries .....	23,635,562	
Subordinated debentures of a subsidiary .....	7,394,400	32,955,941

RESERVE FOR TAXES AND CONTINGENCIES—Note G .....	1,994,893
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MINORITY STOCKHOLDERS' INTEREST IN SUBSIDIARIES .....	1,680,376
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#### STOCKHOLDERS' EQUITY

Common Stock—par value \$1.00 a share:		
Authorized—5,760,000 shares; issued and outstanding 4,373,844 shares—Note H .....	\$ 4,373,844	
Capital surplus (see statement) .....	17,675,170	
Earned surplus (see statement)—Note F .....	12,494,652	
	<u>\$34,543,666</u>	
Less cost of 27,800 treasury shares and 138,584 shares of Common Stock of the Corporation held by a subsidiary—166,384 shares .....	1,394,399	33,149,267

#### CONTINGENT LIABILITIES AND LONG-TERM LEASES—Notes G, I, and J

\$82,721,886

See notes to financial statements.



# LIST INDUSTRIES CORPORATION AND SUBSIDIARIES

## STATEMENT OF CONSOLIDATED INCOME

	Year ended December 31,		
	1955	1956	1957
<b>Income</b>			
Theatre admissions, net sales of services, rentals and other operating revenues .....	\$31,355,343	\$41,929,868	\$45,044,542
Net sales of products .....	—	7,719,967	10,388,712
	<u>31,355,343</u>	<u>49,649,835</u>	<u>55,433,254</u>
<b>Costs and expenses (including depreciation, depletion and amortization of \$1,612,127, \$2,766,438 and \$2,778,373 for 1955, 1956 and 1957 respectively)—Notes B, C and K:</b>			
Theatre and building operating expenses and cost of services sold	24,108,793	34,553,226	37,799,548
Cost of products sold .....	—	7,329,869	9,515,866
Advertising, selling, general and administrative expenses .....	3,300,516	3,902,989	4,420,797
	<u>27,409,309</u>	<u>45,786,084</u>	<u>51,736,211</u>
	<u>3,946,034</u>	<u>3,863,751</u>	<u>3,697,043</u>
<b>Other income:</b>			
Interest .....	129,924	353,117	908,564
Dividends and miscellaneous .....	124,504	113,690	213,200
	<u>4,200,462</u>	<u>4,330,558</u>	<u>4,818,807</u>
<b>Other deductions:</b>			
Interest .....	546,470	1,116,502	1,343,066
Amortization of debt discount and expense—Note C .....	4,241	116,192	80,969
Amortization of excess of investment in subsidiaries over equity in their net assets at dates of acquisition—Note C .....	7,522	154,515	227,035
Minority stockholders' interest in net income of subsidiaries .....	2,051	52,121	94,738
Miscellaneous .....	32,014	81,224	117,230
	<u>592,298</u>	<u>1,520,554</u>	<u>1,863,038</u>
<b>INCOME BEFORE INCOME TAXES AND SPECIAL ITEMS....</b>	<u>3,608,164</u>	<u>2,810,004</u>	<u>2,955,769</u>
Provision for federal and Canadian income taxes—Note E .....	1,372,926	2,300,000	1,098,000
Federal income taxes applicable to special items .....	285,000	(1,085,000)	(180,000)
	<u>1,657,926</u>	<u>1,215,000</u>	<u>918,000</u>
<b>NET INCOME BEFORE SPECIAL ITEMS .....</b>	<u>1,950,238</u>	<u>1,595,004</u>	<u>2,037,769</u>
<b>Special items:</b>			
Profit on sale of properties less, in 1957, expenses of closed plant, losses and provision for possible losses on property disposals ...	37,288	3,991,009	(317,308)
Loss in connection with a theatre lease .....	(500,000)	—	—
	<u>(462,712)</u>	<u>3,991,009</u>	<u>(317,308)</u>
Federal income taxes applicable to special items .....	285,000	(1,085,000)	(180,000)
	<u>(177,712)</u>	<u>2,906,009</u>	<u>(497,308)</u>
<b>NET INCOME .....</b>	<u>\$ 1,772,526</u>	<u>\$ 4,501,013</u>	<u>\$ 1,540,461</u>

See notes to financial statements.

# LIST INDUSTRIES CORPORATION AND SUBSIDIARIES

## STATEMENTS OF CONSOLIDATED SURPLUS

	Year ended December 31,		
	1955	1956	1957
<b>CAPITAL SURPLUS</b>			
Balance at beginning of year .....	\$ 8,675,752	\$ 7,507,798	\$17,675,170
Add:			
Excess over par value of amount attributed to Common Stock issued in exchange for:			
Net assets of a predecessor—1,043,706 shares issued .....		9,393,354	
313 shares of Gera Corporation common stock—110,802 shares issued .....		997,218	
	<u>8,675,752</u>	<u>17,898,370</u>	<u>17,675,170</u>
Deduct amount of capital surplus (\$2.00 a share) attributed to Common Stock retired—583,977 shares in 1955 and 111,600 shares in 1956 .....	1,167,954	223,200	
Balance at end of year .....	<u><u>\$ 7,507,798</u></u>	<u><u>\$17,675,170</u></u>	<u><u>\$17,675,170</u></u>
<b>EARNED SURPLUS</b>			
Balance at beginning of year .....	\$10,238,243	\$ 9,267,987	\$12,006,056
Add net income .....	1,772,526	4,501,013	1,540,461
	<u>12,010,769</u>	<u>13,769,000</u>	<u>13,546,517</u>
Deduct:			
Cash dividends—\$.25 per share .....	787,934	1,081,511	1,051,865
Excess of cost of Common Stock retired over par value thereof and amount attributed to capital surplus—583,977 shares in 1955 and 111,600 shares in 1956 .....	1,954,848	681,433	
	<u>2,742,782</u>	<u>1,762,944</u>	<u>1,051,865</u>
Balance at end of year—Note F .....	<u><u>\$ 9,267,987</u></u>	<u><u>\$12,006,056</u></u>	<u><u>\$12,494,652</u></u>

See notes to financial statements.

# LIST INDUSTRIES CORPORATION AND SUBSIDIARIES

## NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 1957

### NOTE A—PRINCIPLES OF CONSOLIDATION

The financial statements include the accounts of LIST Industries Corporation and all of its subsidiaries. The statement of consolidated income includes the operations of certain minor subsidiaries which were liquidated or organized during the period only to or from their respective dates of liquidation or organization; and the operations of Gera Corporation have been included only since May 1, 1956, approximate date of acquisition. Operations of the Chatham Electronics and Gera Fabrics Divisions of Gera Corporation have been included to May 19, 1957 and March 2, 1957, respectively, dates the businesses were sold; and the operations of the Triplex of America Division of Gera Corporation and of Railway Warehouses, Inc. (a subsidiary of Gera) have been included since October 1, 1957 and December 1, 1957, respectively, dates of acquisition.

Following is a summary of the financial position of the Corporation at December 31, 1957:

#### ASSETS

Investments in subsidiaries .....	\$26,468,335
Current assets (including \$1,123,610 due from subsidiaries) .....	1,628,243
Leaseholds and equipment (\$642,968), deferred charges and other assets .....	801,006
Total Assets .....	<u>\$28,897,584</u>

#### LIABILITIES

Notes payable—paid January 2, 1958 .....	\$ 3,000,000
Dividend payable January 13, 1958 .....	1,086,511
Other current liabilities .....	1,208,386
Long-term debt and other liabilities .....	2,033,504
Total Liabilities .....	<u>\$ 7,328,401</u>
Stockholders' Equity .....	<u>\$21,569,183</u>

Net income (loss) of the Corporation amounted to (\$16,772), (\$83,911), and \$253,652 for the years ended December 31, 1955, 1956 and 1957 respectively, such net income or loss being composed in 1955 of gross income from interest, dividends and miscellaneous sources of \$26,751 less operating expenses of \$43,523, and in 1956 and 1957 being composed principally of gross income from oil and gas properties (\$57,613 in 1956 and \$113,267 in 1957) and management and booking fees charged to subsidiaries (\$136,995 in 1956 and \$2,007,102 in 1957); less operating expenses and interest charges.

Intercompany accounts have been eliminated in the consolidated statements and certain intercompany transactions have been adjusted in consolidation. The equity of the Corporation in the net assets of its subsidiaries exceeded the investment in such subsidiaries as shown by the Corporation's books by \$7,454,692 at December 31, 1957. In consolidation, \$4,159,434 has been included in the balance sheet as "Cost in Excess of Equity in Net Assets of Subsidiaries at Dates of Acquisition"; \$1,266,658, representing the cost of Common Stock of the Corporation held by a subsidiary, has been deducted from the consolidated stockholders' equity; \$830,246 has been credited to capital surplus; \$12,016,496 has been credited to earned surplus; and \$34,042 has been credited to allowances for depreciation, depletion and amortization.

## NOTES TO FINANCIAL STATEMENTS (Continued)

### NOTE B—INVENTORIES

Inventories are stated at the lower of cost (first-in, first-out method) or market. Market is determined on the basis of replacement cost or estimated realizable value, whichever is lower. Inventories, determined as aforesaid, used in computing cost of products sold were as follows:

May 1, 1956—Inventory of Gera Corporation at approximate date of acquisition . . .	\$2,619,905
December 31, 1956 .....	4,061,174
December 31, 1957 .....	1,603,073

Inventories of supplies on hand and unbilled costs in respect of service operations amounting to \$851,403 were included in the balance sheet as inventories at December 31, 1957.

### NOTE C—DEPRECIATION, DEPLETION AND AMORTIZATION, AND MAINTENANCE POLICY

As to certain assets acquired subsequent to January 1, 1954, depreciation is computed on the basis of accelerated methods permitted by the Internal Revenue Code. Depreciation of assets acquired prior to that date is computed according to the straight-line method. Leaseholds and leasehold improvements are amortized over the terms of the respective leases or estimated useful lives of specific assets, whichever is the shorter period. Depletion of well development costs, and gas and oil properties is computed in the ratio of production to geological estimates of gas and oil reserves. Annual rates used in computing provisions for depreciation range generally from 2% to 14% for buildings and from 4% to 25% for equipment.

Maintenance and repairs are charged as incurred to costs and expenses and the cost of betterments and major renewals is capitalized. At the time of disposal of assets, the accumulated allowances for depreciation are generally eliminated by application to the related asset accounts and the net gain or loss is reflected in the income statement.

Amortization of patents (prior to their sale in 1957) was based on the average remaining lives of the patents. The major portion (attributable to Gera Corporation) of the cost in excess of equity in net assets of subsidiaries at dates of acquisition is being amortized over a period of twenty years from May 1, 1956, and the balance over the term of a ground lease.

Debt discount and expense are being amortized over the terms of the respective issues.

### NOTE D—PROPERTY, PLANTS, EQUIPMENT AND LEASEHOLDS

Land, buildings, equipment and leaseholds are stated on the basis of cost except for certain properties of RKO Theatres, Inc. and its subsidiaries which are stated on the basis of revaluations in 1928, 1932 and 1937.

### NOTE E—FEDERAL INCOME TAXES

No federal taxes on income of Gera Corporation have been provided. Gera had net operating losses of approximately \$3,086,000 to be applied as an offset against earnings otherwise subject to federal taxes on income in its returns for 1955 and subsequent years. On account of the losses of a predecessor there were additional net operating losses of approximately \$4,340,000 available for such application. As of December 31, 1957, approximately \$1,450,000 of these net operating losses remained available for such application in 1958 and 1959. Counsel have advised that in their opinion such losses may properly be so applied.

### NOTE F—LONG-TERM DEBT

The long-term debt and required payments thereon are summarized as follows:

Obligations of parent company (non-interest bearing):

(1) Due March 31, 1959 .....	\$ 797,979	
(2) Payable \$36,000 semi-annually through July 1, 1970 and \$37,500 semi-annually thereafter through July 1, 1974 .....	1,200,000	
	<u>\$ 1,997,979</u>	
Less amount classified as current liability .....	72,000	\$ 1,925,979

## NOTES TO FINANCIAL STATEMENTS (Continued)

Notes, debentures and bonds of subsidiaries:

3% Sinking Fund Debentures of RKO Theatres, Inc.:

Sinking fund payments of \$1,000,000 each January 26, through 1965, balance due February 1, 1966. The payment required for 1958 was paid prior to December 31, 1957 ..... \$14,600,000

Mortgage notes of RKO Theatres, Inc. and a subsidiary:

4% Mortgage note due November 1, 1964 payable \$15,000 quarterly and  
3½% Mortgage note due April 1, 1962 payable \$4,813 quarterly ..... 1,363,062

Notes of Gera Corporation payable to banks:

5% notes due June 27, 1959 ..... 5,000,000

3½% notes payable \$731,250 each June 30 and December 31 until June 30, 1960. Gera Corporation has agreed effective January 1, 1958 to increase the rate of interest from 3½% to 4½% in connection with certain amendments to the Loan Agreement ..... 3,656,250

\$24,619,312

Less amount classified as current liability ..... 1,541,750

\$23,077,562

First Mortgage Bonds of Railway Warehouses, Inc.:

5% Registered First Mortgage Bonds, due June 15, 1967. Sinking Fund payments are contingent upon earnings of this subsidiary. It is estimated that the sinking fund payment, if any, required for 1958 will not be a material amount ..... 558,000      23,635,562

Subordinated debt of Gera Corporation:

6% Subordinated Sinking Fund Debentures, Due 1970:

Sinking fund payments of \$684,570 due each June 30 through 1960; on June 30, 1961, and annually thereafter through June 30, 1969 a sum equal to 10% of the principal amount of Debentures unpaid on October 1, 1960. Prior to December 31, 1957, a sufficient amount of Debentures had been acquired by Gera to satisfy the 1958 sinking fund requirement and \$204,016 of the 1959 requirement ..... \$ 7,718,750

Less Debentures held by parent ..... 1,200,000

\$ 6,518,750

6% Subordinated Sinking Fund Debentures Authorized in 1957 Due 1970, Series A:

Sinking fund payments of \$73,400 due each June 30, through 1960; on June 30, 1961 and annually thereafter through June 30, 1969 a sum equal to 10% of the principal amount of Debentures unpaid October 1, 1960. Prior to December 31, 1957 sufficient Series A Debentures had been acquired by Gera to satisfy the 1958 sinking fund requirement and \$4,950 of the 1959 requirement ..... 875,650      7,394,400

\$32,955,941

The indentures and loan agreements in connection with the long-term debt of subsidiary companies impose certain restrictions on the subsidiaries with respect to guarantees, maintenance of working capital, creation of liens, dividends and other distributions on certain securities, funded indebtedness, etc. After consolidating adjustments, consolidated earned surplus included approximately \$6,700,000 of earned surplus of subsidiaries which was restricted as to the payment of cash dividends and other distributions by the subsidiaries.

List Industries Corporation, subsequent to December 31, 1957, entered into a credit agreement expiring February 4, 1959 under the terms of which a group of banks agreed to extend it a credit of \$12,000,000 for 5 year

## NOTES TO FINANCIAL STATEMENTS (Continued)

unsecured loans. The agreement, which may be terminated by the Corporation at any time prior to borrowings thereunder, imposes certain restrictions including those with respect to funded indebtedness, maintenance of working capital and net worth, future investments, guarantees, creation of liens, etc., of the Corporation and its subsidiaries, dividends by the Corporation and distributions by it to holders of its equity securities and of certain securities of subsidiaries. See "Business and Properties of List Industries—General."

### NOTE G—RESERVE FOR TAXES AND CONTINGENCIES

Certain civil suits for damages, injunctive relief or both, were pending against the Corporation or its subsidiaries, in which violation of anti-trust laws is alleged. The reserve for taxes and contingencies has been provided for additional prior years' income taxes, if any, cost of anti-trust suits and other contingencies, the amounts of which are not presently determinable.

### NOTE H—INCENTIVE STOCK OPTION PLAN

The Incentive Stock Option Plan adopted by the stockholders in 1953, as amended in accord with the approval granted by the stockholders in April 1957, authorized the Stock Option Committee to grant to certain officers and key employees options to purchase an aggregate of 250,000 shares of the Corporation's common stock at a price equal to 95% of the market price at the date of grant, each option to become exercisable in equal amounts over a period of five years and to expire seven years from date of grant or three months after termination of employment, whichever is earlier. In accordance with the terms of the Plan, options were granted in 1953, 1955 and 1956. At January 1, 1957, there were 158,650 shares under option and 28,150 shares available for additional options under the Plan.

Following is information with respect to transactions under the Plan during the period, and with respect to shares under option at December 31, 1957:

	Shares	Option Price		Quoted Market Price	
		Per Share	Total	Per Share	Total
Options which became exercisable during:					
1955 .....	20,800	\$ 3.98	\$ 82,784	\$ 8.88(a)	\$184,600
1956 .....	20,400	3.98	81,192	9.75(a)	198,900
	800	10.98	8,784	8.25(a)	6,600
	<u>21,200</u>		<u>89,976</u>		<u>205,500</u>
1957 .....	20,400	3.98	81,192	8.50(a)	173,400
	800	10.98	8,784	9.25(a)	7,400
	17,050	7.13	121,567	8.31(a)	141,686
	<u>38,250</u>		<u>211,543</u>		<u>322,486</u>
Options exercised during:					
1955 .....	20,800	3.98	82,784	9.75(b)	202,794
1956 .....	19,800	3.98	78,804	9.36(b)	185,375
1957 .....	19,200	3.98	76,416	8.90(b)	170,875
	800	7.13	5,704	7.88(b)	6,300
	<u>20,000</u>		<u>82,120</u>		<u>177,175</u>
Shares under option at December 31, 1957:					
	18,800	3.98	74,824	4.19(c)	78,772
	4,000	10.98	43,920	11.56(c)	46,240
	84,450	7.13	602,129	7.50(c)	633,375
	<u>107,250</u>		<u>\$720,873</u>		<u>\$758,387</u>

(a) At dates exercisable.

(b) Weighted average at dates exercised.

(c) At dates of grant.

## NOTES TO FINANCIAL STATEMENTS (Continued)

During 1957 options for 31,400 shares expired, and at December 31, 1957, there were 59,550 shares available for additional options.

Transactions under the Plan have not been reflected in the accounts except as to options which have been exercised. The following amounts, which represent the cost of treasury stock in excess of proceeds received from such stock distributed upon exercise of options, have been charged to income: 1955—\$12,792; 1956—\$12,177; and 1957—\$9,780.

### NOTE I—RETIREMENT PLANS

A non-contributory pension plan is in effect for the benefit of qualified employees of the Corporation and participating subsidiaries. The estimated normal annual cost of the plan is \$100,000 per year. Estimated past service costs have been fully funded.

Reference is made to information as to the Employees' Retirement Plan set forth under "Remuneration" in this Proxy Statement.

### NOTE J—LONG-TERM LEASES

There were thirty-eight leases (excluding intercompany leases) with terms expiring after December 31, 1960, which provided for aggregate minimum annual rentals, exclusive of real estate taxes and other expenses, of approximately \$1,630,000.

	Number of Leases	Aggregate Minimum Annual Rentals
Leases expiring during the five years ending:		
December 31, 1965 .....	8	\$ 340,000
December 31, 1970 .....	13	510,000
December 31, 1975 .....	8	425,000
Subsequent to December 31, 1975 .....	9	355,000
		<u>\$1,630,000</u>

### NOTE K—SUPPLEMENTARY PROFIT AND LOSS INFORMATION

The amounts charged to income (none charged elsewhere) with respect to certain costs and expenses are as follows:

	Charged To Income		
	To Theatre and building operating expenses, and cost of products and services sold	To Other accounts	Total
Depreciation, depletion and amortization			
1955 .....	\$1,602,580	\$ 9,547	\$1,612,127
1956 .....	2,757,133	9,305	2,766,438
1957 .....	2,746,404	136,735	2,883,139
Maintenance and repairs			
1955 .....	1,116,639	—	1,116,639
1956 .....	1,962,595	22,901	1,985,496
1957 .....	1,605,748	55,121	1,660,869

# NOTES TO FINANCIAL STATEMENTS (Continued)

	Charged To Income		Total
	To Theatre and building operating expenses, and cost of products and services sold	To Other accounts	
Taxes (other than federal income taxes)			
1955 .....	\$1,852,179	\$130,866	\$1,983,045
1956 .....	2,304,890	172,525	2,477,415
1957 .....	2,255,530	199,123	2,454,653
Management and service contract fees (insignificant)			
Rents			
1955 .....	1,336,676	65,749	1,402,425
1956 .....	1,522,524	89,150	1,611,674
1957 .....	1,710,778	155,937	1,866,715
Royalties			
1955 .....			None
1956 .....	64,151		64,151
1957 .....	125,255		125,255
Taxes (other than federal income taxes) consisted of the following:			
Pay roll .....	1,191,688	49,430	1,241,118
Property .....	5,073,293	56,204	5,129,497
Other .....	147,618	396,880	544,498
TOTAL .....	\$6,412,599	\$502,514	\$6,915,113

## NOTE L—PROPOSED SALE OF ASSETS

Reference is made to the information contained elsewhere in this Proxy Statement regarding the proposed sale of all of the assets of the Corporation to Glen Alden Corporation.



## REPORT OF INDEPENDENT PUBLIC ACCOUNTANTS

*To The Board of Directors of*

GERA CORPORATION

We have examined the financial statements of Gera Corporation for the years ended December 31, 1955 and 1956. Our examination for 1956 included an examination of the statements of earnings, earnings retained for use in the business and capital surplus for the period of four months ended April 30, 1956. Our examinations were made in accordance with generally accepted auditing standards, and accordingly included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances. No physical inventory was taken at April 30, 1956, but we satisfied ourselves by other auditing procedures that the inventories at that date were fairly stated.

In our opinion, the accompanying statements of earnings, earnings retained for use in the business and capital surplus present fairly the results of operations of Gera Corporation for the period of one year and four months ended April 30, 1956, in conformity with generally accepted accounting principles consistently applied.

ERNST & ERNST

New York, New York

February 14, 1957

**GERA CORPORATION**  
**STATEMENT OF EARNINGS**

	Year Ended December 31, 1955	Four Months Ended April 30, 1956
Net sales and operating revenue.....	\$28,634,326	\$13,729,894
Cost of products and services sold (exclusive of taxes and depreciation)—Notes B, E and F .....	21,216,804	10,129,355
Selling, general and administrative expenses (exclusive of taxes and depreciation)—Notes E and F .....	1,161,436	531,039
Taxes, other than federal and state taxes on income—Note F .....	618,003	298,440
Depreciation and amortization—Notes C and F .....	1,282,299	513,573
	<u>24,278,542</u>	<u>11,472,407</u>
	4,355,784	2,257,487
Other income:		
Interest earned .....	12,592	3,789
Gain on sale of securities .....	188,415	
Gain on disposal of depreciable property .....		1,549
Dividends received .....	7,509	
Rentals and other .....	2,087	3,105
	<u>210,603</u>	<u>8,443</u>
	4,566,387	2,265,930
Other deductions:		
Interest on long-term debt .....	745,126	279,855
Interest—other .....	12,571	597
Amortization of debenture discount .....	158,832	58,686
Loss on sale of depreciable property .....	44,442	
Expenses of closed plants of Verney Division—Note F .....	61,413	72,572
Minority interest in Aspinook Corporation earnings .....	1,284	
	<u>1,023,668</u>	<u>411,710</u>
Earnings before federal and state taxes on income .....	3,542,719	1,854,220
Taxes on income—estimated—Note D:		
State .....	76,000	53,000
Federal (subsidiary company) .....	93,000	
	<u>169,000</u>	<u>53,000</u>
NET EARNINGS .....	<u>\$ 3,373,719</u>	<u>\$ 1,801,220</u>

See notes to financial statements

# GERA CORPORATION

## STATEMENTS OF EARNINGS RETAINED FOR USE IN THE BUSINESS AND CAPITAL SURPLUS

	Year ended December 31, 1955	Four Months ended April 30, 1956
<b>EARNINGS RETAINED FOR USE IN THE BUSINESS</b>		
Balance at beginning of period .....	\$ 640,667	\$4,213,693
Adjustment of loss on sale of textile machinery and equipment during 1954 .....	214,418	
	<hr/>	
	855,085	4,213,693
Net earnings .....	3,373,719	1,801,220
	<hr/>	
	4,228,804	6,014,913
<b>Deduct:</b>		
Excess of cost over par value of shares of Common Stock retired, less \$63,000 charged to capital surplus .....	15,111	
Preferred Stock dividend—\$2.22 per share .....		70,254
	<hr/>	<hr/>
Balance at end of period .....	\$4,213,693	\$5,944,659
	<hr/> <hr/>	<hr/> <hr/>
<b>CAPITAL SURPLUS</b>		
Balance at beginning of period .....	\$3,000,000	\$2,937,000
Add excess of stated value over cost of 7,006 shares of Preferred Stock retired ....		6,552
	<hr/>	<hr/>
	3,000,000	2,943,552
Deduct excess of cost over par value of shares of Common Stock retired, less \$15,111 charged to Earnings Retained for Use in the Business .....	63,000	
	<hr/>	<hr/>
Balance at end of period .....	\$2,937,000	\$2,943,552
	<hr/> <hr/>	<hr/> <hr/>

See notes to financial statements

# GERA CORPORATION

## NOTES TO FINANCIAL STATEMENTS

### NOTE A—PRINCIPLES OF CONSOLIDATION

Gera acquired all of the business and assets and assumed the liabilities of The United States Finishing Company on March 1, 1955 and continued to operate the subsidiary, Aspinook Corporation, as a subsidiary of Gera until April 2, 1955 on which date Aspinook's business and assets were transferred to Gera, which assumed its liabilities. The business of The United States Finishing Company and Aspinook Corporation has been operated as a division of Gera since March 1 and April 2, 1955, respectively. On November 18, 1955 Gera acquired substantially all of the business and assets and assumed substantially all of the liabilities of Verney Corporation and the operations of that business (as a division of Gera) have been included since that date.

The statement of earnings includes the accounts of Gera for the year and the four months ended April 30, 1956, and of the subsidiary, Aspinook Corporation, for the period from March 1, 1955 to April 2, 1955.

### NOTE B—INVENTORIES

Inventories of material and supplies are stated at the lower of approximate cost or market. Cost is determined substantially in accordance with the first-in, first-out method and market is based on replacement cost or estimated realizable value, whichever is lower. Inventories, determined as aforesaid, which have been used in computing cost of products and services sold are as follows:

January 1, 1955 .....	\$ 963,558
March 1, 1955 (acquired from The United States Finishing Company and Subsidiary) .....	2,034,423
November 18, 1955 (acquired from Verney Corporation) .....	1,071,667
December 31, 1955 .....	4,136,694
April 30, 1956 .....	3,701,184

### NOTE C—DEPRECIATION, AMORTIZATION AND MAINTENANCE POLICY

It is the policy of Gera to provide for depreciation by periodic charges against earnings over the estimated useful lives of fixed assets at rates allowable for Federal income tax purposes. Except with respect to certain assets acquired subsequent to January 1, 1954 which are being amortized according to the sum-of-the-years-digits method, allowances for depreciation are computed according to the straight-line method. Leaseholds and leasehold improvements are being amortized over the terms of the related leases.

The following tabulation is a summary of the annual depreciation rates applied by Gera to the cost of fixed assets:

Buildings .....	2%—4%
Building (Emergency Facility) .....	20%
Building equipment .....	4%—10%
Dwellings .....	4%
Machinery and equipment .....	4%—20%
Machinery and equipment (Emergency Facility) .....	20%
Research laboratory .....	5%—10%
General and sales office furniture and equipment .....	6 $\frac{2}{3}$ %—10%
Automobiles and trucks .....	25%—50%
Copper rollers .....	10%

It is the general practice of Gera to charge maintenance, repairs, renewals and minor betterments to earnings in the year in which incurred.

When property is retired or otherwise disposed of it is the practice of Gera to reflect as a gain or loss, in the statement of earnings, the difference between the amount received and the net depreciated cost at the date of disposal.

The cost of patents is amortized over the average remaining lives of the patents.

Debt discount and expense is amortized over the term of the issue.

# NOTES TO FINANCIAL STATEMENTS (Continued)

## NOTE D—FEDERAL INCOME TAXES

As a result of substantial losses for the years 1952, 1953 and 1954, Gera had net operating losses of approximately \$3,086,000 to be applied as an offset against earnings otherwise subject to federal taxes on income in its federal income tax returns for 1955 and subsequent years. In addition, on account of the losses of a predecessor whose business and assets were acquired during the year 1955, there were additional net operating losses of approximately \$4,340,000 available for such application. A portion of these operating losses has been applied to offset all the otherwise taxable income of Gera for the year ended December 31, 1955 and the four months ended April 30, 1956.

## NOTE E—EMPLOYEES' RETIREMENT TRUST AND PLAN

Cost of products and services sold and expenses for the year ended December 31, 1955, and the four months ended April 30, 1956 include provisions of \$266,323 and \$130,800 respectively, for contributions to the Employees' Retirement Trust which is a part of the Employees' Retirement Plan maintained by Gera and certain related companies.

## NOTE F—SUPPLEMENTARY PROFIT AND LOSS INFORMATION

The amounts charged to earnings and other accounts with respect to maintenance and repairs, depreciation and amortization, taxes, rents and royalties are set forth in the following table:

	Charges to Earnings		Total
	To Cost of Products and Services Sold	To Other Accounts	
Maintenance and repairs:			
Year ended December 31, 1955 .....	\$1,413,529	\$ 2,257	\$1,415,786
Four months ended April 30, 1956 .....	410,672	1,199	411,871
Depreciation and amortization:			
Year ended December 31, 1955 .....		1,282,299	1,299,615(1)
Four months ended April 30, 1956 .....		513,573	560,079(1)
Taxes other than federal and state taxes on income:			
Year ended December 31, 1955:			
Property .....		254,613	254,613
Social security .....		347,019	347,019
Sales and other .....		32,564	32,564
		<u>634,196(2)</u>	<u>634,196</u>
Four months ended April 30, 1956:			
Property .....		111,480	111,480
Social security .....		189,594	189,594
Sales and other .....		9,741	9,741
		<u>310,815(2)</u>	<u>310,815</u>

# NOTES TO FINANCIAL STATEMENTS (Continued)

	Charges to Earnings		<u>Total</u>
	<u>To Cost of Products and Services Sold</u>	<u>To Other Accounts</u>	
Management and service contract fees (none)			
Rents:			
Year ended December 31, 1955 .....	310,224	28,568	338,792
Four months ended April 30, 1956 .....	117,000	20,247	137,247
Royalties:			
Year ended December 31, 1955 .....	139,574		139,574
Four months ended April 30, 1956 .....	63,746		63,746

- (1) Includes \$17,316 for the year ended December 31, 1955 and \$46,506 for the four months ended April 30, 1956 for depreciation of closed plants which has been charged to reserve for loss on disposal of closed plants.
- (2) Includes \$16,193 and \$12,375, respectively, for taxes charged to expenses of closed plants of Verney Division.

## ACCOUNTANTS' REPORTS

*To the Board of Directors,*  
GLEN ALDEN CORPORATION  
Wilkes-Barre, Pennsylvania

We have examined the consolidated balance sheet of Glen Alden Corporation and subsidiaries as of December 31, 1957 and the related consolidated statements of income, earnings retained in the business and capital surplus for the three years ended on that date. The financial statements of Ward LaFrance Truck Corporation for the eleven months ended December 31, 1956 were not examined by us and are included in the accompanying consolidated statements on the basis of a report thereon furnished by another certified public accountant (William H. Kracke). This subsidiary had approximately 4% of the consolidated sales and 5% of consolidated total assets for the period not examined by us. The financial statements of The Mathes Company as at March 1, 1955, were examined by other certified public accountants (Leatherwood and Ward). Our examination was made in accordance with generally accepted auditing standards and accordingly included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

In our opinion, based on our examination and on the reports of other certified public accountants with respect to the subsidiaries, Ward La France Truck Corporation, and The Mathes Company, Inc., the accompanying balance sheet and statements of income, earnings retained in the business and capital surplus present fairly the consolidated financial position of Glen Alden Corporation and its subsidiaries at December 31, 1957 and the results of their operations for the three years ended on that date, in conformity with generally accepted accounting principles applied on a consistent basis except for the creation at December 31, 1957 of a reserve for estimated losses on returns and allowances as set forth in Note 1, to which we take no exception.

MAIN AND COMPANY  
Certified Public Accountants

Philadelphia, Pa.  
March 20, 1958

GLEN ALDEN CORPORATION  
Wilkes-Barre, Pennsylvania

We have examined the balance sheet of Ward LaFrance Truck Corporation as at December 31, 1956 and the related statements of income and surplus (deficit) for the period beginning February 1, 1956 and ending December 31, 1956. Our examination was made in accordance with generally accepted auditing standards and accordingly included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

In our opinion such balance sheet and statements of income and surplus (deficit) present fairly the financial position of Ward LaFrance Truck Corporation at December 31, 1956, and the results of its operations for the period then ended, in conformity with generally accepted accounting principles.

WILLIAM H. KRACKE  
Certified Public Accountant

New York, N. Y.  
March 1, 1957

## ACCOUNTANTS' REPORT

THE MATHES COMPANY, INC.  
1501-29 East Broadway  
Fort Worth, Texas

We have examined the balance sheet of The Mathes Company, Inc., Fort Worth, Texas at February 28, 1955 and the related statement of income and expense for the year then ended. Our examination was made in accordance with generally accepted auditing standards and, without making a detailed audit of the transactions, included such tests of the accounting records and other auditing procedures as we considered necessary in the circumstances.

In our opinion such balance sheet and related statement of income and expense present fairly the financial position of The Mathes Company, Inc. at February 28, 1955 and the results of its operations for the year then ended, in conformity with generally accepted accounting principles applied on a basis consistent with that of the prior year.

LEATHERWOOD AND WARD  
Certified Public Accountants

Fort Worth, Texas  
April 26, 1955



# GLEN ALDEN CORPORATION AND SUBSIDIARIES

## CONSOLIDATED BALANCE SHEET

December 31, 1957

### ASSETS

#### CURRENT ASSETS

Cash .....		\$ 2,125,194
Notes and accounts receivable—trade		
Notes (less notes receivable discounted \$3,397,967) (Note 2) .....	\$ 3,849,662	
Accounts .....	4,494,399	
	<u>8,344,061</u>	
Less: Provision for returns, allowances, doubtful notes and accounts .....	862,246	7,481,815
Other notes and accounts receivable .....		748,345
Mortgages receivable, current portion .....		97,228
Inventories (Note 3) .....		11,402,709
Prepaid expenses .....		<u>300,164</u>
Total current assets .....		22,155,455

#### INVESTMENTS AND OTHER ASSETS

United States Government securities at cost (Note 4) (Market value \$1,209,887) .....	1,239,497	
Mortgages, portion due after one year .....	295,632	
Notes and accounts receivable (less notes receivable discounted \$175,000) (Note 2) .....	549,292	
Other investments and assets (at cost or less) .....	<u>40,439</u>	
Total investments and other assets .....		2,124,860

#### PROPERTY, PLANT AND EQUIPMENT (Notes 5 and 14)

Coal and surface lands, structures, equipment and other real estate .....	127,684,904	
Less: Provision for depletion and depreciation .....	<u>73,141,507</u>	
Total net property, plant and equipment .....		54,543,397

#### GOODWILL, CONTRACTS NOT TO COMPETE AND EXCESS OF COST OVER APPRAISAL

VALUE OF ASSETS ACQUIRED (Note 14) .....		6,577,596
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#### DEFERRED CHARGES

Non-current supplies (net of estimated provision of \$634,210 for obsolete and slow moving items) .....	704,984	
Advanced stripping .....	138,651	
Other deferred charges .....	<u>256,009</u>	
Total deferred charges .....		1,099,644

Total .....		<u><u>\$86,500,952</u></u>
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The accompanying notes are an integral part of the financial statements.

# GLEN ALDEN CORPORATION AND SUBSIDIARIES

## CONSOLIDATED BALANCE SHEET

December 31, 1957

### LIABILITIES

#### CURRENT LIABILITIES

Notes payable		
Banks (\$69,130 secured by assignment of notes receivable) .....	\$ 4,269,130	
Other .....	990,976	\$ 5,260,106
		<hr/>
Accounts payable .....		3,485,779
Accrued expenses		
Payroll .....	738,794	
State, local and other taxes .....	282,857	
Estimated provision for product warranty .....	466,214	
Other accrued expenses .....	319,062	1,806,927
		<hr/>
Compensation claims, current .....		325,000
Other current liabilities .....		136,370
		<hr/>
Total current liabilities .....		11,014,182

#### LONG TERM DEBT AND OTHER LIABILITIES

Notes payable (Note 6) .....	4,094,000	
Workmen's compensation awards and pending claims .....	637,271	
Other non-current liabilities .....	218,502	
		<hr/>
Total long term debt and other liabilities .....		4,949,773

#### RESERVES

Workmen's compensation .....	500,000	
Mining hazards and fire insurance (Note 8) .....	716,000	
Contingent claims .....	1,250,000	
		<hr/>
Total reserves .....		2,466,000

#### CAPITAL STOCK AND SURPLUS (Notes 9, 10 and 14)

Capital stock (\$1.00 par value)		
Authorized .....	2,500,000 shares	
Issued and outstanding .....	1,844,687 shares	1,844,687
Capital surplus .....		65,223,726
Earnings retained .....		2,261,691
		<hr/>
		69,330,104
Less: Treasury stock (96,054 shares) at cost .....		1,259,107
		<hr/>
Total capital stock and surplus .....		68,070,997
		<hr/>
Total .....		\$86,500,952
		<hr/> <hr/>

#### Commitments and contingent liabilities (Notes 2, 11 and 12)

The accompanying notes are an integral part of the financial statements.

# GLEN ALDEN CORPORATION AND SUBSIDIARIES

## STATEMENT OF CONSOLIDATED INCOME

For the Three Years Ended December 31, 1957

	Year Ended December 31,		
	1955	1956	1957
Net sales .....	\$58,649,795	\$67,533,590	\$61,893,905
Cost of sales .....	53,321,395	58,558,694	57,997,816
Gross profit on sales .....	5,328,400	8,974,896	3,896,089
Operating revenues (net) .....	58,998	45,064	273,803
Total gross profit .....	5,387,398	9,019,960	4,169,892
Selling, general and administrative expenses .....	5,885,900	6,958,965	7,185,406
Profit (loss) from operations .....	( 498,502)	2,060,995	( 3,015,514)
Other income			
Interest .....	464,666	253,665	383,597
Discounts .....	98,754	125,840	117,143
Miscellaneous .....	101,218	89,392	195,816
	664,638	468,897	696,556
	166,136	2,529,892	( 2,318,958)
Other deductions			
Interest .....	101,225	225,727	487,951
Loss (gain) on sale of assets .....	24,395	30,816	( 26,040)
Miscellaneous .....	19,338	75,047	88,445
	144,958	331,590	550,356
Net income (loss) for the year (Note 8) .....	21,178	2,198,302	( 2,869,314)
Special items			
Excess of cost, less deficit of subsidiary, over amount realized from sale of investments in subsidiary .....	893,553		
Extraordinary non-recurring loss on settlement of mortgage receivable .....	3,192,310		
Estimated provision for loss on sales returns and allowances (Note 1) .....			625,000
	4,085,863		625,000
Net income (loss) for the year and special items .....	(\$4,064,685)	\$ 2,198,302	(\$3,494,314)

The accompanying notes are an integral part of the financial statements.

# GLEN ALDEN CORPORATION AND SUBSIDIARIES

## STATEMENT OF CONSOLIDATED EARNINGS RETAINED

For the Three Years Ended December 31, 1957

	<u>Years Ended December 31,</u>		
	<u>1955</u>	<u>1956</u>	<u>1957</u>
<b>Earnings Retained</b>			
Balance, beginning of the year .....	\$ 8,798,981	\$ 4,089,323	\$ 6,110,312
Add:			
Net income (loss) for the year and special items* .....	(4,064,685)	2,198,302	(3,494,314)
Adjustments to work in process, as of January 1, 1955, incident to repair and maintenance of collieries .....	110,430		
	<u>4,844,726</u>	<u>6,287,625</u>	<u>2,615,998</u>
Deduct:			
Additional Federal income tax for prior year by subsidiary acquired .....	52,000		
Dividends paid (1955—40¢ per share, 1956—10¢ per share, 1957—20¢ per share) .....	703,403	177,313	354,307
	<u>755,403</u>	<u>177,313</u>	<u>354,307</u>
Balance, end of the year .....	<u>\$ 4,089,323</u>	<u>\$ 6,110,312</u>	<u>\$ 2,261,691</u>

\*The figures shown in the accompanying financial statements differ from those shown in the Company's annual reports for the years 1955 and 1956 due to the retroactive application of adjustments to the years to which they relate. The net income is reconciled as follows with amounts previously reported by the Company in its annual reports for the years 1955 and 1956 and the income which would have been reported for the year 1957 if the policy of omitting overhead from costs with respect to its anthracite inventories had been continued:

	<u>Years Ended December 31</u>		
	<u>1955</u>	<u>1956</u>	<u>1957</u>
Net income (loss) and special items as previously reported ...	\$ 154,249	\$1,613,446	(\$3,328,787)
Less:			
Restatement of inventories (Note 3) .....	133,071	( 627,275)	165,527
Amounts previously reported as deductions from earnings retained			
Special items .....	4,085,863		
Excess of cost of capital stock of subsidiary over net assets acquired .....		42,419	
	<u>4,218,934</u>	<u>( 584,856)</u>	<u>165,527</u>
Net income (loss) and special items as revised .....	<u>(\$4,064,685)</u>	<u>\$2,198,302</u>	<u>(\$3,494,314)</u>

The accompanying notes are an integral part of the financial statements.

# GLEN ALDEN CORPORATION AND SUBSIDIARIES

## STATEMENT OF CONSOLIDATED CAPITAL SURPLUS

For the Three Years Ended December 31, 1957

	Years Ended December 31,		
	<u>1955</u>	<u>1956</u>	<u>1957</u>
Capital Surplus			
Balance, beginning of the year .....	\$14,588,748	\$65,125,553	\$65,125,554
Add:			
Assigned value of capital stock issued incident to acquisition of subsidiary .....	1,500,000		
Adjustment to reflect revaluation of outstanding common stock from no par value to par value of \$1.00 per share....	49,036,805		
Excess of book value of net assets of subsidiary liquidated over cost of investment .....		1	
Excess of amount realized on issue of common stock under restricted stock option over book value at which held in Treasury .....			98,172
Balance, end of the year .....	<u>\$65,125,553</u>	<u>\$65,125,554</u>	<u>\$65,223,726</u>

The accompanying notes are an integral part of the financial statements.

# GLEN ALDEN CORPORATION

## NOTES TO FINANCIAL STATEMENTS

### 1. PRINCIPLES OF CONSOLIDATION

The accompanying financial statements include the accounts of Glen Alden Corporation and all of its subsidiary companies and give effect to the elimination of all significant intercompany transactions.

The income statements include the accounts of The Mathes Company, Inc., Ward LaFrance Truck Corporation and Manheim Fuel Company, formerly Hershey Motorstokor, Inc., from dates of acquisition as of March 1, 1955, February 1, 1956 and June 1, 1956, respectively.

The equity of the Company in the net assets of its subsidiaries at December 31, 1957 was \$5,224,786 less than the investment in such subsidiaries. In consolidation, \$5,655,563 has been charged to earned surplus and \$430,777 has been credited to capital surplus.

The consolidated balance sheet gives effect to the liquidation of The Mathes Company, Inc. at December 31, 1957 and the inclusion of the assets, subject to the liabilities, of that company as a division of Glen Alden Corporation after adjustment of the assets to the cost of the investment in The Mathes Company, Inc.

As of December 31, 1957, the Company, pursuant to a resolution of the Board of Directors, created a reserve of \$625,000 for estimated loss on returns and allowances to be anticipated from sales of The Mathes Company Division. No comparable reserve had been provided in prior years. It is not practicable to determine the amounts by which the provision of such a reserve in prior years would have affected consolidated earnings for each of the three years for which income is reported.

### 2. NOTES RECEIVABLE DISCOUNTED

The Company and its subsidiaries were contingently liable for notes receivable discounted to the extent of \$3,572,967 at December 31, 1957, of which amount \$3,372,767 is subject to repurchase by the Company on demand from the bank.

### 3. INVENTORIES

The amounts of the consolidated inventories, valued substantially at the lower of cost (first-in, first-out) or market, were as follows:

	Finished Product	Product in Process	Raw Materials and Supplies	Total
December 31, 1954 .....	\$4,649,550	\$ 17,636	\$ 931,281	\$ 5,598,467
December 31, 1955 .....	3,177,096	690,559	6,346,001	10,213,656
December 31, 1956 .....	5,358,675	1,128,702	6,994,783	13,482,160
December 31, 1957 .....	4,106,260	1,650,400	5,646,049	11,402,709

The composition of the above inventories and those of subsidiaries at dates of acquisition is tabulated below:

Glen Alden Corporation and subsidiaries (excluding The Mathes Company, Inc. and Ward LaFrance Truck Corporation)

December 31, 1954 .....	\$4,649,550	\$ 17,636	\$ 931,281	\$ 5,598,467
December 31, 1955 .....	2,447,968	58,591	1,775,063	4,281,622
December 31, 1956 ..	3,296,834	293,753	1,775,170	5,365,757
December 31, 1957 .....	2,421,834	321,320	1,862,904	4,606,058

The Mathes Company, Inc.

March 1, 1955 .....	\$3,181,013(a)	\$ 156,854	\$ 993,935	\$ 4,331,802
December 31, 1955 .....	729,128	631,968	4,570,938	5,932,034
December 31, 1956 .....	1,427,224	622,259	3,321,133	5,370,616
December 31, 1957 .....	1,469,595	992,737	2,540,404	5,002,736

The inventory of The Mathes Company, Inc. at March 1, 1955 amounting to \$4,331,802.26 was examined by other certified public accountants and this amount has been incorporated in the accompanying financial statements in reliance on the report of such accountants.

Ward LaFrance Truck Corporation

February 1, 1956 .....	\$ 295,318	\$ 336,712	\$1,202,432	\$ 1,834,462
December 31, 1956 .....	634,617	212,690	1,898,480	2,745,787
December 31, 1957 .....	214,831	336,343	1,242,741	1,793,915

(a) Includes inventory on consignment in the amount of \$2,563,409.

## NOTES TO FINANCIAL STATEMENTS (Continued)

As of January 1, 1954 the Company adopted the policy of omitting overhead from costs with respect to its anthracite coal inventories and of valuing such inventories at variable cost only. Annual reports to stockholders for the years 1954, 1955 and 1956 reflected the inventories on that basis.

The accompanying statements have been restated on the basis of valuing inventories substantially at the lower of cost (first-in, first-out) or market.

The changes in inventories and in net income, from those previously reported to stockholders, for the years ended on the dates indicated are approximately as follows:

	Increase in Inventories	Increase (Decrease) in Net Income
December 31, 1954 .....	\$133,000	(\$537,000)
December 31, 1955 .....	None	( 133,000)
December 31, 1956 .....	627,000	627,000

The inventories at December 31, 1957 are approximately \$462,000 greater and the net income for the year ended on that date is approximately \$166,000 less than would have been reported on the basis of omitting overhead from costs in the determination of anthracite inventory valuation.

### 4. UNITED STATES GOVERNMENT SECURITIES

United States Government securities, included in investments, were pledged as guarantees as follows:

Escrow agreement with tenant .....	\$ 28,000
Strip mining deposit .....	114,885
Workmen's compensation claims .....	1,002,197
Total .....	<u>\$1,145,082</u>

### 5. PROPERTY, PLANT AND EQUIPMENT

Land, buildings and equipment of the Company are stated at cost in cash or assigned values of securities issued therefor after certain write-downs in 1944. Cost includes an amount of \$1,817,162, representing the portion of the adjustment (referred to in Note 1) assigned to fixed assets acquired in the liquidation of The Mathes Company, Inc. to adjust those assets to appraisal value. Land, buildings and equipment of the consolidated subsidiaries are stated generally at cost to those companies.

Beginning with the year 1944 depletion of coal lands has been computed on the basis of the then estimated recoverable tonnage at the following rates per gross ton of production:

Coal lands owned in fee .....	16¢
Coal lands under lease .....	6¢

Anthracite gross tons mined by the Company and by tenants, for the years 1955, 1956 and 1957 was approximately as follows:

Year	Coal Lands	
	Owned in Fee	Under Lease
1955 ... ..	3,401,000	409,000
1956 ... ..	3,271,000	356,000
1957 ... ..	2,871,000	197,000

The above amounts are exclusive of bank coal and do not include coal purchased.

Provisions for depreciation are generally computed on the straight line method using various rates based on the estimated useful lives of the properties. The principal rates used are as follows:

## NOTES TO FINANCIAL STATEMENTS (Continued)

Mine buildings and equipment .....	3¼%—4%
(Composite rate applied to total cost after elimination of items which were fully depreciated at the time the present depreciation policy was adopted during the year 1946)	
Other buildings .....	2%—10%
Other equipment and machinery .....	7½%—25%
Automobiles and trucks .....	20%—25%
Furniture and fixtures .....	10%—20%
Farms, Company owned houses, and other real estate—annual provision for depreciation .....	\$18,000.00
(Lump sum annual provision on the basis that detailed costs are not available.)	

At the time of sale or disposition of fixed assets the related reserves for depreciation are eliminated by application to the asset accounts and gains or losses are reflected in profit and loss except as follows:

- (a) Proceeds from the sale of coal lands are credited to the asset account. It has been the general policy, except with respect to a major sale of properties during the year 1953, not to recognize gain or loss arising from such sales on the basis that costs of individual tracts of land are not readily determinable. Sales proceeds credited to the asset account were \$28,726, \$814,188 and \$142,562 for the years 1955, 1956 and 1957 respectively.
- (b) It is the policy, upon sale of Company owned houses, as to which costs of individual houses are not available, to credit the proceeds to income, and to credit the asset account and charge the depreciation reserve account for the amount of the assessed value.
- (c) The cost of mine buildings and equipment retired or abandoned is charged to the reserve for depreciation and no gain or loss is recognized because of the use of a composite rate of depreciation.

Maintenance and repairs are charged to income as incurred. Renewals and betterments are capitalized.

The amounts of depreciation and depletion claimed for Federal income tax purposes by the Company and its consolidated subsidiaries for the years 1955 and 1956 are: depreciation \$1,506,653 and \$1,546,585 respectively; depletion \$1,291,330 and \$1,996,142 respectively. The amounts estimated to be claimed for depreciation and depletion for the year 1957 are \$1,500,000 and \$1,100,000 respectively.

Property, plant and equipment and related reserves at December 31, 1957 are summarized as follows:

	Property, Plant and Equipment	Reserve for Depletion and Depreciation
Coal lands owned in fee .....	\$ 80,574,927	\$41,719,516
Coal lands under lease .....	2,331,118	1,485,201
Other land .....	314,575	
Mine buildings and equipment .....	33,992,267	26,668,255
Other buildings .....	3,835,476	1,769,410
Other equipment and machinery .....	1,837,213	283,804
Automobiles and trucks .....	367,096	196,486
Furniture and fixtures .....	254,776	129,652
Farms, Company owned houses and other real estate .....	1,368,550	886,269
Unallocated costs .....	21,286	2,914
Construction in progress .....	2,787,620	(a)
Total .....	<u>\$127,684,904</u>	<u>\$73,141,507</u>

- (a) Depreciation of mine buildings and equipment under construction is computed on the balance in the account as at January 1st and July 1st. The resultant depreciation is included in the reserve for mine buildings and equipment.



# NOTES TO FINANCIAL STATEMENTS (Continued)

## 6. NOTES PAYABLE—LONG TERM

Notes payable consisted of the following:

Notes payable to former stockholders of The Mathes Company, Inc. (net of \$898,500 due in one year) ..... \$3,594,000

(Notes issued during the current year in payment of the balance of the purchase price of the stock of The Mathes Company, Inc. payable in the total amounts of \$359,400 and \$539,100 annually over a period of five years commencing May 1, 1958 and October 1, 1958 respectively, with interest at 5% payable June 15th and December 15th.)

Note, secured by mortgage payable on Elmira Heights and Bronx, N. Y. properties and equipment ..... 500,000

(Note dated February 1, 1956, due January 31, 1966, interest at 5% payable August 1st and February 1st. Annual principal payments to be made in an amount equal to 25% of the annual net profit, if any, (before income taxes and interest on certain loans) of the subsidiary company. No payments have been made on account of principal.)

\$4,094,000

## 7. RENEGOTIATION

Sales of a subsidiary company for the year 1957 include approximately \$3,500,000 made under Government contracts which are subject to renegotiation. No provision has been made for refunds since it is the opinion of management that no refunds will result from such renegotiation.

## 8. RESERVE FOR MINING HAZARDS AND FIRE INSURANCE

Pursuant to a resolution of the Board of Directors, costs directly attributable to flood damage, in the amount of \$428,000, were charged to the reserve for mining hazards and fire insurance during the year 1955.

## 9. STOCK OPTIONS

On April 26, 1955 the stockholders increased to 50,000 the aggregate number of shares available under the approved plan for granting restricted stock options as incentive compensation to employees other than the President, such options to become exercisable one year from date of granting of the option.

The following is information with respect to transactions under the Plan during the period, and with respect to shares under option at December 31, 1957:

Options granted	Shares	Option Price		Quoted Market Price	
		Per Share	Total	Per Share	Total
January 19, 1955 .....	16,600	\$13.10	\$217,460	\$13.75	\$228,250
July 20, 1955 .....	8,200	14.80	121,360	15.50	127,100
March 7, 1956 .....	2,000	13.60	27,200	14.25	28,500
	<u>26,800</u>				
Options which became exercisable					
January 19, 1956 .....	16,600	\$13.10	\$217,460	\$14.125	\$234,475
July 20, 1956 .....	8,200	14.80	121,360	12.625	103,525
March 7, 1957 .....	2,000	13.60	27,200	11.875	23,750
	<u>26,800</u>				

## NOTES TO FINANCIAL STATEMENTS (Continued)

At December 31, 1957 there had been no exercise of the above options and 23,200 shares were available for additional options.

A restricted stock option, expiring January 1, 1959, was granted to Francis O. Case, President, on January 28, 1953 for 20,000 shares at \$10.60 per share or \$212,000. Market value on January 28, 1953 was \$11.125 per share or a total of \$222,500. The option was exercisable to the extent of 10,000 shares after one year and 10,000 shares after two years from the date of granting the option. The market values at dates the option became exercisable were:

<u>Date</u>	<u>Number of Shares</u>	<u>Market Value</u>	
		<u>Per Share</u>	<u>Total</u>
January 28, 1954 .....	10,000	\$ 7.625	\$ 76,250
January 28, 1955 .....	10,000	13.50	135,000

During the current year this option was exercised to the extent of 10,000 shares having a market value of \$11 per share, or \$110,000.

There have been no charges to income in respect to the above options.

### 10. FEDERAL INCOME TAXES

Federal income tax returns have been audited and accepted to and including the calendar year 1952. On the basis of returns filed and certain adjustments subsequently claimed there is a net operating loss carry-over of approximately \$2,500,000 expiring December 31, 1958, approximately \$3,400,000 expiring December 31, 1959 and approximately \$4,300,000 (of which approximately \$3,192,000 may be a capital loss carry-over) expiring December 31, 1960, all of which are subject to audit and change by the Internal Revenue Service. The foregoing include amounts aggregating approximately \$950,000 which are available for carry-over only to the group in existence as of January 1, 1954. In addition to the foregoing, there is estimated to be a net operating loss available for carry-over to the year ending on December 31, 1962 on the basis of a consolidated return to be filed for the year ended December 31, 1957 amounting to \$3,900,000.

In 1956 the Company made a redetermination of the basis for federal income tax purposes of its coal properties and found it to be (as adjusted on an estimated basis to December 31, 1957) \$49,650,000 for purposes of depreciation, depletion and determining gain, and \$33,350,000 for the purpose of determining loss. While the federal income tax returns of the Company reflecting this redetermination have not yet been audited by the Internal Revenue Service, in the opinion of counsel, based upon figures and information furnished by the Company, such redetermination is substantially correct and in accordance with applicable law and regulations.

In comparison with the above the net book value of coal properties, at December 31, 1957 amounted to approximately \$47,000,000. The assessed values for 1958 of all the Company's coal properties amount to approximately \$35,000,000. A substantial portion of this assessment representing coal reserves in Luzerne County has been appealed to the Court of Common Pleas of Luzerne County, Pa., upon the grounds that the assessment is very much in excess of the fair value of such properties and is otherwise erroneous.

For effect of events subsequent to December 31, 1957, see Note 14.

### 11. LEASES

A portion of the Company's coal lands is held under lease from various lessors. In some cases, such leases provide for the payment of minimum annual royalties, which, if they exceed royalties earned through current mining, can be accumulated and applied against future mining. Most of such leases continue until exhaustion of the coal reserves or, if there is a minimum royalty with a stop clause, until all mineable coal has been paid for. In some cases, the leases, made with predecessor companies, have never been assigned to the Company, but are operated by the Company under mining contracts which provide for the payment of any minimum royalties by

## NOTES TO FINANCIAL STATEMENTS (Continued)

the Company. The total annual minimum royalties amount to approximately \$214,000. Minimum royalties paid to December 31, 1957 in excess of royalties earned through current mining amounted to approximately \$5,000,000, which amount is not reflected in the accompanying balance sheet.

### 12. CONTINGENT LIABILITIES

An action has been filed against the Company in which it is alleged that the Company unlawfully mined from a 14-acre tract of land in Luzerne County, Pa. coal of the alleged value of \$1,640,000 for which treble damages are claimed. A former claim by the plaintiffs, filed in 1953, was dismissed by the Federal Court for the Middle District of Pennsylvania for want of jurisdiction. In the opinion of counsel, the new case has not progressed sufficiently to warrant a statement as to possible liability.

There are eight other trespass cases pending in the Court of Common Pleas of Luzerne County in which the defendant has brought Glen Alden Corporation in as an additional defendant. The suits claim damages allegedly resulting from illuminating gas poisoning. In the opinion of Counsel, the amount of any ultimate total recovery by all the plaintiffs will not exceed \$100,000 against all the defendants.

A case involving an alleged contract where the claim is approximately \$350,000, instituted in a prior year and discontinued by the Plaintiffs, was reinstated during the current year. The Company denies any liability but, in the opinion of counsel, the matter has not reached the stage where a statement can be made as to what liability, if any, may exist.

The Company has been named as a party defendant in the case of Gilbert v. Case, et al, which is a stockholder's suit in the Supreme Court of Kings County, New York, naming the Directors as defendants. In the event the Directors successfully defend the suit the Company may be liable under its By-Laws to reimburse them for expenses incurred in connection with the defense of the case. In the opinion of Counsel, the matter has not reached the point where a statement may be made as to what, if any, liability may exist.

There is no other litigation or claim against either the Company or its subsidiaries which is considered to be significant in amount.

### 13. SUPPLEMENTARY PROFIT AND LOSS INFORMATION

Supplementary profit and loss information is tabulated below:

	Years Ended December 31,		
	1955	1956	1957
Maintenance and repairs (A):			
Charged to cost of goods sold .....	\$ 299,215	\$ 359,143	\$ 313,899
Charged to other profit and loss accounts .....	138,063	101,769	95,130
	<u>437,278</u>	<u>460,912</u>	<u>409,029</u>
Depreciation and depletion of fixed assets:			
Charged to cost of goods sold .....	1,922,594	1,732,438	1,657,679
Charged to other profit and loss accounts .....	213,932	215,246	224,389
	<u>2,136,576</u>	<u>1,947,684</u>	<u>1,882,068</u>
Taxes, other than income taxes (see below):			
Charged to cost of goods sold .....	\$3,261,370	\$3,435,183	\$3,220,992
Charged to other profit and loss accounts .....	552,236	506,936	376,391
	<u>3,813,606</u>	<u>3,942,119</u>	<u>3,597,383</u>

# NOTES TO FINANCIAL STATEMENTS (Continued)

	Years Ended December 31,		
	1955	1956	1957
Management and service contract fees:	None	None	None
Rents:			
Charged to cost of goods sold .....	544,054	620,849	550,325
Charged to other profit and loss accounts .....	167,407	136,732	127,805
	<u>711,461</u>	<u>757,581</u>	<u>678,130</u>
Royalties:			
Charged to cost of goods sold .....	<u>238,077</u>	<u>252,475</u>	<u>224,462</u>
Taxes, other than income taxes, consist of:			
Property taxes .....	2,480,557	2,591,731	2,513,325
Payroll taxes .....	942,215	978,806	847,801
Franchise and capital stock taxes .....	237,632	179,392	185,910
Manufacturer's excise tax .....	134,052	176,966	31,202
Other taxes .....	19,150	15,224	19,145
	<u>\$3,813,606</u>	<u>\$3,942,119</u>	<u>\$3,597,383</u>

(A) Maintenance and repairs are exclusive of certain maintenance and repair costs pertinent to mining operations and which, in accordance with established procedures, are not segregated from other mining costs. Such amounts of repairs and maintenance are not charged to accounts other than income accounts.

## 14. EVENTS SUBSEQUENT TO DECEMBER 31, 1957

Pursuant to resolution of the Board of Directors on January 15, 1958, the Company subscribed at par to 17,487 shares of capital stock, par value 10¢ per share, of each of Bliss Coal Corporation, Loomis Coal Corporation and Truesdale Coal Corporation. A contribution to the capital of each of said corporations was made by conveying to them certain coal reserves. The stock of each of the corporations acquired by Glen Alden Corporation was distributed to the holders of the stock of that Company on the basis of 1/100 of a share for each share of Glen Alden Corporation held.

An allocation of the portion of the book value of total coal lands attributable to the interests conveyed has been made and the net book value of those interests has been determined to amount to \$4,593,164. Adjustments, in this net amount, are being made to the accounts for coal lands and reserve for depletion. An equivalent amount is being charged to earned surplus incident to the distribution of the stock of the three companies to the holders of the stock of Glen Alden Corporation.

The portion of the basis for federal income tax purposes (see note 10) attributable to the interests conveyed has been estimated as zero for the purpose of determining loss and \$5,600,000 for purposes of depletion and determining gain.

Pursuant to resolution by the Board of Directors, goodwill, contracts not to compete and excess of cost over appraisal value of assets acquired will be amortized, commencing January 1, 1958, by an annual charge against income of approximately \$550,000.

## 15. PROPOSED ACQUISITION OF ASSETS

Reference is made to the information contained elsewhere in this Proxy Statement regarding the proposed acquisition of the assets of LISR Industries Corporation.

# REORGANIZATION AGREEMENT

## BETWEEN

### GLEN ALDEN CORPORATION

## AND

### LIST INDUSTRIES CORPORATION

REORGANIZATION AGREEMENT between Glen Alden Corporation, a Pennsylvania corporation having its principal office in Wilkes-Barre, Pennsylvania (herein called "Glen Alden"), and List Industries Corporation, a Delaware corporation having its principal office in New York, N. Y. (herein called "List Industries"), witnesseseth:

WHEREAS, the parties desire to effect a reorganization whereby Glen Alden will acquire all the properties and assets of List Industries in exchange for Common Shares of the par value of \$1 per share of Glen Alden (which will be distributed by List Industries to its shareholders) and the assumption by Glen Alden of the liabilities of List Industries;

NOW, THEREFORE, in consideration of the premises and of the agreements hereinafter set forth, Glen Alden and List Industries agree as follows:

1. Upon and subject to the terms and conditions hereinafter stated, Glen Alden shall acquire from List Industries, and List Industries shall convey, transfer and assign to Glen Alden, all of the properties and assets of List Industries of every kind and nature wherever situated, including, without limiting the generality of the foregoing, its business as a going concern, its good will, trademarks, copyrights, patents, patent rights, applications for patents, patent and process licenses, trade secrets, inventions and royalties; lands and interests in lands; plants, buildings, machinery, equipment, fixtures, tools and motor vehicles; cash on hand and in banks; securities and investments of all kinds; notes and accounts receivable; inventories; tangible and intangible property of all kinds; causes of action, judgments, claims and demands of whatever nature; deferred charges, advance payments and prepaid items; credits of all kinds; contracts including contracts for the purchase of raw materials, parts and supplies and for the sale of goods; and books of account, files, papers and records, but not including capital stock of List Industries held by it. Notwithstanding the foregoing, List Industries may retain from such properties and assets cash as provided in Paragraph 4 hereof; and may retain from such properties and assets its corporate minute books, seal and stock transfer records, but shall make them available to Glen Alden as reasonably requested by Glen Alden. All properties and assets shall be conveyed, assigned and transferred by appropriate instruments satisfactory to counsel for Glen Alden.

2. In consideration of and in exchange for the foregoing conveyance, assignment and transfer, and subject to compliance by List Industries with its undertakings contained in this Agreement, Glen Alden shall issue and deliver to List Industries on the Closing Date fully paid and non-assessable Common Shares of Glen Alden equal in number to 83⅓% of the number of shares of List Industries outstanding (including shares held by Gera Corporation but excluding treasury shares) at the Closing Date. The Common Shares of Glen Alden to be issued and delivered to List Industries shall be represented by one certificate registered in the name of List Industries. Glen Alden shall thereafter divide such certificate into certificates of such denominations and registered in such names as List Industries may request, but under no circumstances shall Glen Alden be required to issue certificates for fractional shares. Such division shall include one certificate registered in the name of any agent for the List Industries' shareholders as set forth in Paragraph 6 hereof for the number of full shares equaling the total of the fractional interests to which List Industries' shareholders will be entitled

3. In further consideration of and in exchange for the conveyance, assignment and transfer provided for by Paragraph 1 hereof, and subject to compliance by List Industries with its undertakings contained in this Agreement, Glen Alden on the Closing Date shall assume and be responsible for all obligations and liabilities, accrued or contingent, due or not due, of List Industries, excluding, however, (a) all expenses, taxes, charges and costs of List Industries incident to or arising out of this Agreement or the distribution of the proceeds to the shareholders of List Industries or the winding-up and dissolution of List Industries including any claims by shareholders of List Industries as such, and (b) all other obligations and liabilities of every kind incurred by List Industries after the Closing Date.

List Industries shall use its best efforts to modify the Stock Option Agreements heretofore entered into under which options for the purchase of shares of List Industries are outstanding, so that, as so modified, each such option agreement shall provide that, from and after the Closing Date, and subject to the consummation of the transfer of the properties of List Industries as herein contemplated, the shares subject to the option thereby granted shall be Common Shares of Glen Alden, that the number of such Common Shares shall be the highest possible number of full shares which will not exceed 83⅓% of the number of shares of List Industries subject at the Closing Date to the option granted by such Stock Option Agreement, and that the purchase price of each such Common Share of Glen Alden shall be 120% of the purchase price of each share of List Industries under said Stock Option Agreement in effect at the Closing Date, and shall contain such other provisions, not inconsistent with the other present provisions thereof, as List Industries shall determine and as shall be satisfactory to counsel for Glen Alden. Glen Alden will assume the obligations of List Industries under each such Stock Option Agreement.

Glen Alden and List Industries shall take such action as may be necessary to substitute Glen Alden as the controlling employer under the RKO Theatres Pension Plan and to preserve for employees of List Industries who become employees of Glen Alden their credited service and continuity of employment for purposes of such Pension Plan and the Employees' Retirement Plan.

4. List Industries shall retain such amount of cash as it may consider appropriate, after consultation with Glen Alden, to cover the obligations and liabilities mentioned in clause (a) of Paragraph 3 hereof. Any part thereof not required for such purposes shall be paid over to Glen Alden not later than six years after the Closing Date.

5. To the extent that any contract, license, lease, instrument or commitment (including, without limitation, sales and purchase orders) for which assignment to Glen Alden is provided herein is not assignable without the consent of another party, this Agreement shall not constitute an assignment or an attempted assignment if such assignment or attempted assignment would constitute a breach thereof. List Industries agrees to use its best efforts to obtain the consent of the other party to any such contract, license, lease, instrument or commitment to the assignment thereof to Glen Alden in all cases where such consent is required. If such consent is not obtained, List Industries agrees to cooperate with Glen Alden in any reasonable arrangement designed to provide for Glen Alden the benefits under any such contract, license, lease, instrument or commitment, including enforcement, at the cost and for the account of Glen Alden, of any and all rights of List Industries against the other party thereto arising out of the cancellation by such other party or otherwise.

6. List Industries shall, as soon as practicable after receipt thereof, distribute the Common Shares of Glen Alden received by it pursuant to this Agreement to its shareholders, solely in exchange for, and in complete cancellation of, shares of List Industries, ratably in proportion to the shares of List Industries held by each of said shareholders. In order to facilitate such distribution, an agent may be appointed to purchase or sell fractional interests for the account of shareholders of List Industries entitled to receive fractional interests in shares of Glen Alden.

7. The Closing of this Agreement and all deliveries hereunder shall take place at the List Industries office, 17th Floor, 1740 Broadway, New York, N. Y., unless the parties hereafter mutually agree upon a different place.

8. The "Closing Date" means the time at which List Industries makes conveyance, transfer and assignment as provided in Paragraph 1 hereof against delivery of Common Shares of Glen Alden as provided in Paragraph 2 hereof, and shall be at 12:30 P. M., Eastern Standard Time, on April 11, 1958 or such later time and date up to November 30, 1958, as shall from time to time be agreed to by Glen Alden and List Industries, except that the President of either Glen Alden or List Industries may, at his sole option, at any time or from time to time postpone the Closing Date (as last theretofore fixed otherwise than by his exercise of such option) for not more than 30 days.

9. Glen Alden may, at its option, terminate this Agreement by written notice to List Industries at any time at or prior to the Closing Date, if any of the following conditions exist—

(a) List Industries is not a corporation duly organized and existing and in good standing under the laws of the State of Delaware, having an authorized capital stock consisting solely of 5,760,000 shares of Common Stock, par value \$1, of which not more than 4,512,844 shares are issued and outstanding, excluding treasury shares; or

(b) The financial statements and other information concerning List Industries and its subsidiaries furnished by List Industries for inclusion in the Proxy Statement to shareholders of List Industries and Glen Alden in connection with the notices of their meetings called to be held April 11, 1958 as mailed with such notices or as subsequently amended with the consent of List Industries and Glen Alden (herein called the "Proxy Statement") shall be false or misleading in any material respect or shall fail to state any fact necessary to make the statements therein not false or misleading in any material respect; or

(c) There is a material adverse change in the financial condition of List Industries and its subsidiaries, taken as an entirety, from their financial condition as reflected in their balance sheets appearing in the Proxy Statement, except for changes occurring in the ordinary course of business and changes resulting from transactions entered into with the written approval of Glen Alden; or

(d) List Industries shall not have full power by appropriate vote of its Board of Directors and shareholders in accordance with law to transfer its properties and assets as herein provided; or

(e) Except as reflected in or contemplated by the Proxy Statement or except with Glen Alden's written consent, List Industries, RKO Theatres, Inc. or Gera Corporation since December 31, 1957 shall have (1) issued any stocks, bonds or other corporate securities, (2) incurred any obligation or liability (absolute or contingent) except in the ordinary course of business, (3) declared or made any payment or distribution to its shareholders or purchased or redeemed any of its capital stock, except normal purchases of \$6 Voting Preferred Stock of Gera Corporation, (4) mortgaged, pledged or subjected to lien or any other encumbrance any of its assets, (5) sold or transferred any of its assets except in the ordinary course of its business, or (6) entered into any transaction other than in the ordinary course of its business; or

(f) Any litigation or government proceeding shall be, or shall have been at any time after the date hereof, pending or threatened with respect to this Agreement or the transactions contemplated herein; or any litigation or government proceeding, not pending at the date hereof, shall at the time notice of termination is given be pending or threatened which might materially adversely affect the financial condition of List Industries and its subsidiaries, taken as an entirety, or the

continued operation of their properties and business, or which resulted or might result in the appointment of a receiver or trustee of all or a material part of the assets of List Industries, RKO Theatres, Inc. or Gera Corporation; or

(g) By the Closing Date the holders of at least 66⅔% of the outstanding shares of List Industries entitled to vote thereon shall not have voted in favor of the transactions contemplated by this Agreement, or the holders (other than Gera Corporation) of more than 400,000 shares of either List Industries or Glen Alden shall have voted against such transactions, or arrangements satisfactory to List Industries shall not have been made for the election of new directors of Glen Alden as stated in the Proxy Statement; or

(h) Any fire or casualty has occurred since the date of this Agreement in any plant or property of List Industries, RKO Theatres, Inc. or Gera Corporation which substantially affects the conduct of their business as presently being conducted; or

(i) Jones, Day, Cockley and Reavis, as counsel for List Industries, shall not be prepared to deliver to Glen Alden, forthwith upon the completion of the deliveries contemplated by Paragraphs 1 and 2 hereof, an opinion or opinions satisfactory to Glen Alden that:

(1) This Agreement has been duly authorized, executed and delivered by List Industries and constitutes a legal, valid and binding obligation of List Industries, and List Industries had corporate power to enter into this Agreement and to sell and transfer all its property, assets and business as contemplated herein; and

(2) Gera Corporation and RKO Theatres, Inc. are duly organized and lawfully existing as corporations under the laws of the respective states of their incorporation and have corporate power to carry on their respective business; and

(3) All of the issued and outstanding shares of capital stock of RKO Theatres, Inc. have been duly issued, are fully paid and non-assessable and are owned by List Industries; and

(4) All of the issued and outstanding shares of capital stock of Gera Corporation have been duly issued and are fully paid and non-assessable and List Industries owns not less than 98% and 32% of its Common Stock and \$6 Voting Preferred Stock, respectively; and RKO Theatres, Inc., owns not less than 15% of its \$6 Voting Preferred Stock; and

(5) All instruments of conveyance, transfer and assignment delivered by List Industries to Glen Alden have been duly authorized, executed and delivered and are valid in accordance with their terms and have effectively conveyed all of the properties and assets of List Industries at the Closing Date, subject to the effect of any so called Bulk Sales laws or any legal requirements for recording or filing any instruments of transfer or the giving of notice of any such transfer, and other specified exceptions acceptable to Glen Alden; and

(6) No registration under the Securities Act of 1933, as amended, is required in respect of the shares of Glen Alden to be issued pursuant to this Agreement.

In furnishing such opinion or opinions such counsel may rely upon certificates of officers of List Industries and Glen Alden and their subsidiaries, opinions of other counsel and such other documents and data as they deem appropriate as a basis for their opinions.

(j) List Industries shall not deliver to Glen Alden on the Closing Date a certificate signed by its President or a Vice President and its Secretary or its Treasurer as to compliance with all of the conditions set forth in this Paragraph 9 (other than subparagraph (i)).

10. List Industries may, at its option, terminate this Agreement by written notice to Glen Alden at any time at or prior to the Closing Date, if any of the following conditions exist—

(a) Glen Alden is not a corporation duly organized and existing and in good standing under the laws of the State of Pennsylvania; or

(b) At the Closing Date the authorized capital stock of Glen Alden does not consist solely of 7,500,000 Common Shares of the par value of \$1 per share, of which not more than 1,808,633 shares (immediately prior to the issuance of the Common Shares to List Industries contemplated herein) are issued and outstanding, excluding treasury shares; or

(c) The financial statements and other information concerning Glen Alden and its subsidiaries furnished by Glen Alden for inclusion in the Proxy Statement shall be false or misleading in any material respect or shall fail to state any fact necessary to make the statements therein not false or misleading in any material respect; or

(d) There is a material adverse change in the financial condition of Glen Alden and its subsidiaries, taken as an entirety, from their financial condition as reflected in the balance sheet appearing in the Proxy Statement, except for changes occurring in the ordinary course of business and changes resulting from transactions entered into with the written approval of List Industries; or

(e) Glen Alden shall not have full power by appropriate vote of its Board of Directors and shareholders in accordance with law to issue to List Industries the Common Shares as herein provided; or

(f) Except as reflected in or contemplated by the Proxy Statement or except with List Industries' written consent, Glen Alden or any of its subsidiaries since December 31, 1957 shall have (1) issued any stocks, bonds or other corporate securities, (2) incurred any obligation or liability (absolute or contingent) except in the ordinary course of business, (3) declared or made any payment or distribution to its shareholders or purchased or redeemed any of its capital stock, (4) mortgaged, pledged or subjected to lien or any other encumbrance any of its assets, (5) sold or transferred any of its assets except in the ordinary course of business, or (6) entered into any transaction other than in the ordinary course of its business; or

(g) Any litigation or government proceeding shall be, or shall have been at any time after the date hereof, pending or threatened with respect to this Agreement or the transactions contemplated herein; or any litigation or government proceeding not pending at the date hereof shall at the time notice of termination is given be pending or threatened which might materially adversely affect the financial condition of Glen Alden and its subsidiaries, taken as an entirety, or the continued operation of their properties and business, or which resulted or might result in the appointment of a receiver or trustee of all or a material part of their assets; or

(h) By the Closing Date the holders of at least 66⅔% of the outstanding shares of List Industries entitled to vote thereon shall not have voted in favor of the transactions contemplated by this Agreement, or the holders (other than Gera Corporation) of more than 400,000 shares of either List Industries or Glen Alden shall have voted against such transactions, or arrangements satisfactory to List Industries shall not have been made for the election of new directors of Glen Alden as stated in the Proxy Statement; or

(i) Any fire or casualty has occurred since the date of this Agreement in any plant or other property of Glen Alden or its subsidiaries which substantially affects the conduct of their business as presently being conducted; or

(j) Messrs. Morgan, Lewis & Bockius shall not be prepared to deliver to List Industries, forthwith upon the completion of the deliveries contemplated by Paragraphs 1 and 2 hereof, an opinion or opinions satisfactory to List Industries that:

(1) This Agreement has been duly authorized, executed and delivered by Glen Alden and constitutes a legal, valid and binding obligation of Glen Alden and Glen Alden had corporate power to enter into this Agreement and to issue to List Industries its Common Shares as provided herein; and

(2) Glen Alden and each of its subsidiaries are duly organized and lawfully existing as corporations under the laws of the respective states of their incorporation and have corporate power to carry on their respective businesses; and

(3) The authorized capital stock of Glen Alden consists solely of 7,500,000 Common Shares of the par value of \$1 per share, of which not more than 5,570,000 shares are issued and outstanding, excluding treasury shares, and that all issued and outstanding shares are validly issued, fully paid and non-assessable; and

(4) All of the issued and outstanding stock of each subsidiary of Glen Alden has been duly issued, is fully paid and non-assessable and is owned by Glen Alden; and

(5) Glen Alden's assumption of liabilities of List Industries as provided in Paragraph 3 hereof constitutes a legal, binding and enforceable obligation of Glen Alden in accordance with its terms; and

(6) The credit agreement, attached as Exhibit B to a consent agreement between List Industries and certain banks entered into in March 1958, is within the corporate powers of Glen Alden and has been duly authorized, executed and delivered by Glen Alden, and is valid and binding upon Glen Alden in accordance with its terms; and the Notes provided for in said credit agreement when duly authorized by the Board of Directors and, upon execution and delivery thereof by Glen Alden and the disbursement of the proceeds of the loans provided for in said credit agreement, will be valid and binding obligations of Glen Alden in accordance with their terms; and neither the credit agreement nor the borrowing by Glen Alden thereunder nor the carrying out of the terms and conditions thereof will conflict with or violate the Articles of Incorporation of Glen Alden or its By-laws or any indenture or agreement, known to such counsel, to which Glen Alden is a party or by which it is bound, and will not result in the imposition of any liens or encumbrances on any of Glen Alden's properties; and

(7) No registration under the Securities Act of 1933, as amended, is required in respect of the shares of Glen Alden to be issued pursuant to this Agreement.

In furnishing such opinion or opinions such counsel may rely upon such certificates of officers of Glen Alden and List Industries and their subsidiaries, opinions of other counsel and such other documents and data as they deem appropriate as a basis for their opinions.

(k) Tax counsel satisfactory to List Industries shall not deliver to List Industries at the Closing Date an opinion satisfactory to List Industries that no taxable income will be recognized to it or any of its subsidiaries or its shareholders for federal income tax purposes as a result of the transactions provided for herein (other than with respect to fractional interests in shares of Glen Alden.)

(1) Glen Alden shall not deliver to List Industries on the Closing Date a certificate signed by its President or a Vice President and its Secretary or its Treasurer as to compliance with all of the conditions set forth in this Paragraph 10 (other than subparagraphs (j) and (k)).

11. Each party shall give to the other full access to its books, records, plants and other facilities before and after the Closing Date and will cooperate with the other in every way in carrying out the contemplated transaction, in adjusting claims and liabilities, in delivering instruments to perfect the assignments and transfers contemplated herein, and in executing and delivering all documents and instruments deemed necessary or useful by counsel for either party. Prior to the Closing Date neither party shall without the consent of the other declare or make any payment or distribution to its shareholders or purchase or redeem any of its capital stock.

12. List Industries shall on or before the Closing Date hold a meeting of its shareholders for the purpose of considering and acting upon the following: (a) the approval of this Agreement, (b) the transfer of all its assets to Glen Alden pursuant to this Agreement, (c) subject to the transfer of its assets as aforesaid, the liquidation of List Industries, and (d) all other action necessary or proper to carry out the transactions contemplated by this Agreement. None



of the provisions of this Agreement except Paragraphs 11, 12 and 15 shall be binding upon List Industries unless and until this Agreement shall have been approved by its shareholders and by the shareholders of Glen Alden by the affirmative vote of a majority of their outstanding shares (other than treasury shares and shares held by Gera Corporation) in manner and form satisfactory to counsel specified in Paragraph 16.

13. Glen Alden shall on or before the Closing Date hold a meeting of its shareholders for the purpose of considering and acting upon the following: (a) the approval of this Agreement, (b) the amendment of its Articles of Incorporation, as heretofore amended, in the respects set forth in the Proxy Statement, (c) the ratification and adoption of the outstanding Stock Options and the Incentive Stock Option Plan of List Industries as set forth in the Proxy Statement, (d) the election of new members of its Board of Directors as stated in the Proxy Statement and (e) all other action necessary or proper to carry out the transactions contemplated by this Agreement. None of the provisions of this Agreement except Paragraphs 11, 13, 14 and 15 shall be binding upon Glen Alden unless and until this Agreement shall have been approved by its shareholders and by the shareholders of List Industries by the affirmative vote of a majority of their outstanding shares (other than treasury shares and shares held by Gera Corporation) in manner and form satisfactory to counsel specified in Paragraph 16.

14. As promptly as practicable after the signing of this Agreement, Glen Alden shall take the necessary action to have the Common Shares to be delivered hereunder listed upon notice of issuance on the New York Stock Exchange and registered under the Securities Exchange Act of 1934.

15. Each party represents that it has not incurred, and will not incur, any liability for brokerage fees or agents' commissions in connection with this Agreement or the transactions contemplated hereby.

16. The form and adequacy of all legal proceedings and of all papers and documents used or deliverable hereunder shall be subject to the approval of Jones, Day, Cockley and Reavis, counsel for List Industries, and of Messrs. Morgan, Lewis & Bockius, counsel for Glen Alden.

17. All notices under this Agreement shall be in writing and shall be sufficient in all respects if given in writing, delivered, or 48 hours after being mailed, first class postage prepaid, as follows:

If to List Industries, to

List Industries Corporation  
17th Floor  
1740 Broadway  
New York, N. Y.  
Attention: Secretary

and if to Glen Alden, to

Glen Alden Corporation  
16 South River Street  
Wilkes-Barre, Pennsylvania  
Attention: Secretary

18. This Agreement and each of its provisions shall bind and inure to the benefit of the parties hereto and their respective successors and assigns; provided, however, that this Agreement cannot be assigned by either party except by or with the written consent of the other party. Nothing herein expressed or implied is intended or shall be construed to confer upon or to give any person, firm or corporation, other than the parties hereto and their respective assigns, any rights or remedies under or by reason of this Agreement.

IN WITNESS WHEREOF, the parties hereto have respectively caused this Agreement to be executed by their duly authorized officers and their corporate seals affixed this 20th day of March, 1958.

#### GLEN ALDEN CORPORATION

(CORPORATE SEAL)

By F O. CASE  
President

Attest JOHN G. JAEGER  
Secretary

#### LIST INDUSTRIES CORPORATION

(CORPORATE SEAL)

By ALBERT A. LIST  
President

Attest WM. F. WHITMAN  
Secretary

## GLEN ALDEN CORPORATION

## PROPOSED AMENDMENTS TO ARTICLES OF INCORPORATION

RESOLVED, that Article 2d of the Articles of Incorporation, as amended, be further amended to read as follows:

"2. The purpose or purposes of the Corporation are:

(a) To engage in mining, buying, selling and shipping of coal and other minerals incidentally developed in manufactured or crude form and the various by-products thereof; the acquiring, leasing, purchasing and holding, in fee or upon royalty or rental, coal lands, coal mining leases, mineral rights and other property, real, personal and mixed and the selling, conveying, leasing and releasing of the same, with the right to construct, have and hold as well as to dispose of such buildings and other improvements as are necessary and convenient for the transaction of said business.

(b) To engage in any manufacturing, chemical, fission, atomic, generating, mining, electrical, mechanical, metallurgical, processing or related business, including (but not limited to), among other things, any activities in connection therewith, and to carry on such activities as may be necessary, convenient or desirable in connection therewith.

(c) To manufacture, prepare, produce, extract, combine, treat, experiment with, use, buy or otherwise acquire, import, sell, lease, trade, mortgage or otherwise dispose of, engage in research with respect to and determine the application of, and, without limitation as to description or amount and in any lawful manner and method, to acquire, manufacture or otherwise produce, use, dispose of, deal in and turn to account any and all of the following:

(i) Chemicals, chemical and synthetic products and chemically treated products of every kind and description, organic and inorganic, crude and refined, now or hereafter known or discovered;

(ii) Any and all substances, articles, compounds, mixtures, things and products, intermediate and final, including those which are or are believed capable of being combined, manufactured, produced or treated by chemical or electro-chemical methods, reactions or processes, or by mechanical processes or means, and including further (but not limited to) any and all solids, gases, oils, liquids, metals, carbons, hydrocarbons, solutions, solvents and synthetic substances, any and all forms of ammonia, nitrogen, phosphates, alkalies, alcohol, formaldehyde, phenol, fertilizers, explosives and similar and dissimilar substances, compounds, synthetics and products of every description, now or hereafter known or discovered, and every chemical, electro-chemical or mechanical combination, intermediate product, by-product and products and derivatives of any of the above matters, substances, things and products; and in general to engage in the business of dealing in and with chemicals and chemical products in all of the branches thereof, provided, however, that the corporation will not engage in any activity which is in violation of the Pennsylvania Public Utility Law.

(d) To manufacture, fabricate, design, develop, buy, sell, distribute, lease and otherwise deal in and with petroleum, glass, metal, chemicals, rubber, wood, and other fibrous, plastic or synthetic materials, and articles made in whole or in part therefrom, and generally to manufacture, fabricate, design, develop, buy, sell, distribute, lease, and deal in machines, engines, mechanical, chemical, electrical and atomic devices and articles of every other character, and to carry on a general manufacturing business.

(e) *To engage in the businesses of owning and operating theatres and other facilities in the entertainment field.*

(f) *To engage in the businesses of owning and operating warehouses.*

(g) *To manufacture and deal in personal property of every class and description and to invest in, buy, own, hold, use, sell, develop, improve, manage, operate and control real and personal property of any nature whatsoever, as principal only and not as agent or broker.*

(h) *To engage in all other matters incidental to any or all of such purposes."*

FURTHER RESOLVED, that the President or any Vice President, and the Secretary or an Assistant Secretary of this Corporation be and they are hereby authorized, empowered and directed to execute under the corporate seal of this Corporation, Articles of Amendment to the Articles of Incorporation, as heretofore amended, and to file such Articles of Amendment with the Department of State of the Commonwealth of Pennsylvania.

NOTE: Additional purposes proposed to be included by this amendment are set forth in italics.

RESOLVED, that Article 7th of the Articles of Incorporation, as amended, which reads as follows:

"7th. The par value of the shares of Capital Stock is \$1.00 per share, and the number of shares of \$1.00 par value stock that may be issued by the Corporation is two million five hundred thousand (2,500,000) shares. The Board of Directors may, at any time and from time to time, issue and sell, for such consideration as said Board may determine and fix, but not less than par value, any or all of the authorized shares of Capital Stock of the Corporation and any or all of the shares of stock of any other class that may hereafter be authorized."

be amended to read as follows:

"7th. The authorized capital stock of the Corporation shall be \$7,500,000, divided into 7,500,000 Common Shares of the par value of \$1 per share.

Shares of Capital Stock, par value \$1.00 per share, presently issued (including shares held in the treasury of the Corporation) are hereby reclassified and changed on a share for share basis into Common Shares of the par value of \$1 per share."

FURTHER RESOLVED, that the President or any Vice President, and the Secretary or an Assistant Secretary of this Corporation be and they are hereby authorized, empowered and directed to execute under the corporate seal of this Corporation, Articles of Amendment to the Articles of Incorporation, as heretofore amended, and to file such Articles of Amendment with the Department of State of the Commonwealth of Pennsylvania.

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RESOLVED, that Article 1st of the Articles of Incorporation, as amended, which reads:

"1st. The name of the corporation is GLEN ALDEN CORPORATION."

be amended to read as follows:

"1st. The name of the corporation is LIST ALDEN CORPORATION."

FURTHER RESOLVED, that the President or any Vice President, and the Secretary or an Assistant Secretary of this Corporation be and they are hereby authorized, empowered and directed to execute under the corporate seal of this Corporation, Articles of Amendment to the Articles of Incorporation, as heretofore amended, and to file such Articles of Amendment with the Department of State of the Commonwealth of Pennsylvania.

**BY-LAWS**  
**OF**  
**GLEN ALDEN CORPORATION**  
(As last amended by Board of Directors on March 3, 1958)

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**ARTICLE I.**

**SHARE CERTIFICATES**

**SECTION 1. *Certificates.***

Certificates for shares of the capital stock of the Corporation shall be in such form not inconsistent with law as the Board of Directors may from time to time prescribe and shall be signed by the President, or a Vice President, and the Treasurer or an Assistant Treasurer or the Secretary or an Assistant Secretary, and sealed with the corporate seal, which may be a facsimile, engraved or printed, but where the certificate is signed by a transfer agent, or by a transfer clerk acting on behalf of the Corporation and a registrar, the signature of any officers of the Corporation may be facsimile, engraved or printed.

If any officer of the Corporation who has signed, or whose facsimile signature has been used on, any share certificate shall have ceased to be such officer, for any reason, before such certificate is issued, such certificate may nevertheless be issued with the same validity and effect as if such officer had not ceased to be such.

**SECTION 2. *Transfer and Registration of Certificates.***

Transfers of shares of the capital stock of the Corporation shall be made on the books of the Corporation only upon surrender of the certificate therefor endorsed by the person named in the certificate or by attorney lawfully constituted in writing or by other legal representative duly authorized by law. The Board of Directors shall have authority to make such rules, regulations and orders, not inconsistent herewith, as it deems expedient concerning the issuance, transfer and registration of certificates for shares and the shares represented thereby, and may appoint one or more transfer agents and registrars thereof.

**SECTION 3. *Registered Shareholders.***

The Corporation shall be entitled to treat the holder of record of any shares of capital stock of the Corporation as the holder in fact thereof and shall not be bound to recognize any equitable or other claim to or interest in such stock on the part of any other person, whether or not it shall have express or other notice thereof, except as expressly required by law.

**ARTICLE II.**

**SEAL**

The corporate seal of the Corporation shall have on the outer circle thereof the name of the Corporation and "PENNA.", and within the same "INCORPORATED".

**ARTICLE III.**

**SHAREHOLDERS**

**SECTION 1. *Annual Meetings.***

The annual meeting of the shareholders for the transaction of such business as may properly come before the meeting and for the election of directors shall be held in the year 1958 on April 11, 1958 and commencing with the year 1959 shall be held on the second Thursday in April in each year if not a legal holiday, and if a legal holiday, then on the next preceding day not a legal holiday. At any annual meeting, if due notice is given, any business may be considered and transacted which may be considered and transacted at a special meeting. In the event the annual meeting is not held, or if directors are not elected thereat, a special meeting may be called and held for that purpose.

## **SECTION 2. *Special Meetings.***

Special meetings of the shareholders may be called at any time by the Chairman of the Board of Directors, by the President, by the Secretary, by the Board of Directors, or by the holders of not less than one-fifth of all of the shares outstanding and entitled to vote on any proposal to be submitted to said meeting. At any time, upon written request of any person entitled to call a special meeting, it shall be the duty of the Secretary to call and notice a special meeting of the shareholders, to be held at such time as the Secretary may fix, not less than ten nor more than 60 days after the receipt of the request. If the Secretary shall neglect or refuse to issue such call and notice, the person or persons making the request may do so.

## **SECTION 3. *Adjournment of Annual or Special Meetings.***

Adjournment or adjournments of any annual or special meeting may be taken, but any meeting at which directors are to be elected shall be adjourned only from day to day or for such longer periods, not exceeding fifteen days each, as the holders of a majority of the shares present in person or by proxy shall direct until such directors have been elected.

## **SECTION 4. *Place of Meetings.***

Meetings of the shareholders of the Corporation, whether annual or special, shall be held at the registered office of the Corporation in the Commonwealth of Pennsylvania or at such other place within or without the Commonwealth as may be fixed by the Board of Directors.

## **SECTION 5. *Notice of Meetings.***

Notice of all shareholders' meetings, whether annual or special, shall be given in writing and may be given by the Chairman of the Board of Directors or the President or the Secretary (or in case of their refusal, by the person or persons entitled to call meetings under the provisions of these By-Laws). The notice shall state the general nature of the business to be transacted at the meeting and the place, day and hour thereof. Not more than sixty nor less than five days prior to any such meeting, unless a greater period of notice is required by law in a particular case, a copy of such notice shall be given to each shareholder of record entitled to vote at such meeting, either by delivery in person or by mailing (postage prepaid) or telegraphing (charges prepaid) such a copy addressed to his address as it appears on the records of the Corporation. If such notice is so mailed or telegraphed, it shall be deemed to have been given when deposited in the United States mail or with a telegraph office for transmission, as the case may be. If any meeting is adjourned to another time or place, no notice as to such adjourned meeting, or of the business to be transacted thereat, need be given other than by announcement at the meeting at which such adjournment is taken.

## **SECTION 6. *Waiver of Notice.***

Any notice required to be given to shareholders under the provisions of these By-Laws or otherwise may be waived, in writing, by the shareholder entitled to such notice either before or after the action for which notice is otherwise so required and such waiver shall be equivalent to proper notice. Without intending hereby to limit the form of such written waiver, such waiver may be by telegram, cablegram or radiogram. Except in the case of a special meeting, neither the business to be transacted at, nor the purpose of, the meeting need be specified in such written waiver.

## **SECTION 7. *Proxies.***

Any shareholder of record who is entitled to attend a shareholders' meeting or to vote thereat is entitled to be represented at such meeting or vote thereat by proxy or proxies appointed by a writing signed by such shareholder or by his duly authorized attorney in fact. Every proxy shall be filed with the Secretary. No proxy shall be valid after eleven months from the date of its execution unless a longer time is expressly provided therein, but in no event shall a proxy, unless coupled with an interest, be voted on after three years from its date. The attendance at any meeting of a shareholder who may have theretofore given a proxy for such meeting shall not have the effect of revoking such proxy unless the shareholder so attending shall notify the Secretary of such meeting of such revocation prior to the voting of such proxy at the meeting.

## **SECTION 8. *Quorum.***

The presence, in person or by proxy, of the holders of a majority of the outstanding shares entitled to vote shall constitute a quorum. Except as otherwise required by law, the Articles of Incorporation, as amended, or these By-Laws, a majority of such quorum shall decide any question that may come before the meeting. The shareholders present at a duly organized meeting can continue to do business until adjournment, notwithstanding the withdrawal of enough shareholders to leave less than a quorum. If a meeting cannot be organized because a quorum has not attended, those present may, except as otherwise provided by law, adjourn the meeting to such time and place as they may determine, but in the case of any meeting called for the election of directors, those who attend the second of such adjourned meetings, although less than a quorum, shall nevertheless constitute a quorum for the purpose of electing directors.

## **SECTION 9. *Voting.***

Elections for directors need not be by ballot except upon demand made by a shareholder at the election and before the voting begins. In all elections for directors every shareholder entitled to vote shall have the right, in person, or by

proxy, to multiply the number of votes to which he may be entitled by the number of directors to be elected and he may cast the whole number of such votes for one candidate or he may distribute them among any two or more candidates. The candidates receiving the highest number of votes up to the number of directors to be elected shall be elected.

#### SECTION 10. *Judges of Election.*

In advance of any meeting of shareholders, the Board of Directors may appoint judges of election, who need not be shareholders, to act at such meeting or any adjournment thereof. If judges of election be not so appointed, the chairman of any such meeting may, and on the request of any shareholder or his proxy shall, make such appointment at the meeting. The number of judges shall be one or three. If appointed at a meeting on the request of one or more shareholders or proxies, the majority of shares present and entitled to vote shall determine whether one or three judges are to be appointed. No person who is a candidate for office shall act as a judge. In case any person appointed as a judge fails to appear or fails or refuses to act, the vacancy may be filled by appointment made by the Board of Directors in advance of the convening of the meeting, or at the meeting by the person or officer acting as chairman.

Judges of election appointed as hereinabove provided shall determine the number of shares outstanding and the voting power of each, the shares represented at the meeting, the existence of a quorum, and the authenticity, validity and effect of proxies, receive votes or ballots, hear and determine all challenges and questions in any way arising in connection with the right to vote, count and tabulate all votes, determine the result, and do all such acts as may be proper to conduct the election or voting with fairness to all shareholders. Such judges of election shall perform their duties impartially, in good faith, to the best of their ability, and as expeditiously as is practical. If there are three judges of election, the decision, act or certificate of a majority thereof shall be effective in all respects as the decision, act or certificate of all. Upon request of the chairman of the meeting, or of any shareholder or his proxy, the judges shall make a report in writing of any challenge or question or matter determined by them, and execute a certificate of any fact found by them. Any report or certificate made by them shall be prima facie evidence of the facts stated therein.

### ARTICLE IV.

#### RECORD DATE—CLOSING TRANSFER BOOKS—SHAREHOLDERS ENTITLED TO NOTICE OF AND TO VOTE AT MEETINGS—LIST OF SHAREHOLDERS

##### SECTION 1. *Record Date.*

The Board of Directors may fix a time, not more than fifty days prior to the date of any meeting of shareholders, or the date fixed for the payment of any dividend or distribution, or the date for the allotment of rights, or the date when any change or conversion or exchange of shares will be made or go into effect, as a record date for the determination of the shareholders entitled to notice of, or to vote at, any such meeting, or entitled to receive payment of any such dividend or distribution, or to receive any such allotment of rights, or to exercise the rights in respect to any such change, conversion or exchange of shares. In such case, only such shareholders as shall be shareholders of record on the date so fixed shall be entitled to notice of, or to vote at, such meeting, or to receive payment of such dividend, or to receive such allotment of rights, or to exercise such rights, as the case may be, notwithstanding any transfer of any shares on the books of the Corporation after any record date fixed as aforesaid.

If a record date shall not be fixed as hereinbefore provided, or the stock transfer books of the Corporation shall not be closed against transfers of shares pursuant to statutory authority, the shareholders of record at the close of business on the tenth day prior to the date of any meeting of the shareholders (which date shall then be considered as the record date as such term is used herein) shall be the only shareholders entitled to notice of and to vote at such meeting.

##### SECTION 2. *List of Shareholders.*

The officer or agent of the Corporation having charge of the transfer books for shares shall make, at least five days before each meeting of shareholders, a complete list of the shareholders entitled to vote at the meeting, arranged in alphabetical order, with the address of and the number of shares held by each, which list shall be kept on file at the registered office of the Corporation and shall be subject to inspection by any shareholder at any time during usual business hours. Such list shall also be produced and kept open at the time and place of the meeting, and shall be subject to the inspection of any shareholder during the whole time of the meeting. The original share ledger or transfer book, or a duplicate thereof kept in the Commonwealth of Pennsylvania, shall be prima facie evidence as to who are the shareholders entitled to examine such list or share ledger or transfer book, or to vote, in person or by proxy, at any meeting of shareholders.

### ARTICLE V.

#### DIRECTORS

##### SECTION 1. *Powers, Number and Term of Office.*

The business and affairs of the Corporation shall be managed by a Board of Directors which, prior to the election of directors at the annual meeting of shareholders in 1958 shall consist of nine directors. Thereafter the number of directors,

which shall not be less than three, may be fixed by the shareholders entitled to exercise a majority of the voting power of the shares represented at a meeting called to elect directors and entitled to vote at such election. In case the shareholders at any meeting for the election of directors shall fail to fix the number of directors to be elected, the number to be elected shall be seventeen.

Except as provided in Section 2 of this Article, the directors shall be elected at the annual meeting of the shareholders, or, if not so elected thereat, at a special meeting of the shareholders called for that purpose. Directors shall be elected to serve for a term of one year and until their successors are respectively elected or until their earlier resignation, removal from office or death.

#### **SECTION 2. *Vacancies and Removal.***

The office of a director shall become vacant if he dies, or resigns by a writing signed by him and delivered to the Corporation, and the Board of Directors may declare vacant the office of a director if he be declared of unsound mind by an order of Court, or convicted of a felony, or for any other proper cause, or if, within sixty days after notice of his election as a director, he does not accept such office either in writing or by attending a meeting of the Board of Directors.

The Board of Directors shall have power from time to time to fill vacancies in the Board of Directors, including vacancies resulting from an increase in the number of directors, by action of a majority of the remaining members of the Board of Directors though less than a quorum, and each person so elected shall be a director until his successor is duly elected by the shareholders, who may make such election at the next annual meeting of the shareholders or at any special meeting duly called for that purpose and held prior to such annual meeting.

During the intervals between meetings of the shareholders at which directors are to be elected, the Board of Directors shall have the power by amendment of these By-Laws, to increase from time to time the number of directors theretofore fixed.

#### **SECTION 3. *Meetings.***

Meetings of the Board of Directors may be held at any time within or without the Commonwealth of Pennsylvania.

A regular meeting of the Board of Directors shall be held immediately after the annual meeting of shareholders at the place where such annual meeting is held, and other regular meetings may be held at such other times and places as may be fixed by the Board of Directors. Regular meetings may be held without further notice.

Special meetings of the Board of Directors may be called by the Chairman of the Board of Directors, the President or the Secretary, and shall be called upon the written request of any two or more directors. Notice of the time and place of such meetings shall be served upon or telephoned to each director at least twenty-four hours, or mailed (postage prepaid) or telegraphed (charges prepaid) to each director at his address as shown by the books of the Corporation at least forty-eight hours prior to the time of the meeting and if such notice is mailed or telegraphed as above provided, the notice shall be deemed to have been given at the time it is deposited in the United States mail or with a telegraph office for transmission, as the case may be.

Notice of any special meeting of the Board of Directors may be waived in writing by any director either before or after the meeting. Without intending hereby to limit the form of such written waiver, such waiver may be by telegram, radiogram or cablegram.

#### **SECTION 4. *Quorum and Action.***

Except as otherwise required by law or these By-Laws, a majority of the directors in office (but in no event less than two directors) shall constitute a quorum for the transaction of business at any meeting of the Board of Directors, and the acts of a majority of the directors present at a meeting at which a quorum is present shall be the acts of the Board of Directors. If at any meeting of the Board of Directors there shall be less than a quorum, a majority of those present may adjourn the meeting from time to time until a quorum shall attend without notice of the adjourned meeting other than announcement at the meeting at which such adjournment is taken.

#### **SECTION 5. *Action Without a Meeting.***

If all the directors shall severally or collectively consent in writing to any action to be taken by the Corporation, such action shall be as valid corporate action as though it had been authorized at a meeting of the Board of Directors.

#### **SECTION 6. *Committees.***

The Board of Directors may, by resolution adopted by a majority of the whole Board of Directors, appoint two or more of its members to constitute an Executive Committee which to the extent provided by the Board of Directors shall have and exercise all of the authority of the Board of Directors in the management of the business and affairs of the Corporation during the intervals between meetings of the Board regardless of whether such powers are specifically conferred by these By-Laws. All action taken by the Executive Committee shall be reported to the Board of Directors at its first meeting thereafter.

The Board of Directors may also from time to time appoint other committees from among its members and/or officers of the Corporation, and such committee or committees shall have such powers and duties to be exercised under the control and direction of the Board of Directors as the latter may from time to time prescribe.

Unless otherwise provided by the Board of Directors, a majority of the members of any committee appointed by the Board of Directors pursuant to this Section shall constitute a quorum at any meeting thereof and the act of a majority of the members present at a meeting at which a quorum is present shall be the act of such committee. Action may be taken by any such committee without a meeting by a writing as provided in Section 5 of this Article V. Any such committee shall, subject to any rules prescribed by the Board of Directors, prescribe its own rules for calling, giving notice of and holding meetings and its method of procedure at such meetings and shall keep a written record of all action taken by it.

#### **SECTION 8. *Compensation.***

Directors as such shall receive such sums, if any, as the Board of Directors may fix from time to time for attendance at regular or special meetings of the Board of Directors or of committees created thereby, together with such amounts as the Board of Directors may fix or approve from time to time for expenses incident to attending said meetings. Nothing herein shall be deemed to preclude any director from receiving compensation in amounts as the Board of Directors may fix or approve from time to time for services rendered in any capacity.

### **ARTICLE VI.**

#### **OFFICERS**

##### **SECTION 1. *Officers.***

The Corporation may have a Chairman of the Board of Directors and shall have a President (both of whom to qualify for such offices shall be members of the Board of Directors), a Secretary and a Treasurer, all of whom shall be chosen by the Board of Directors. The Corporation may also have one or more Vice Presidents, Assistant Secretaries, Assistant Treasurers and such other officers as the Board of Directors may deem necessary, all of whom shall be chosen by the Board of Directors. Each officer shall hold office until his successor is chosen and qualified unless otherwise specified by the Board of Directors, but any officer shall be subject to removal at any time by the Board of Directors whenever in its judgment the best interests of the Corporation will be served thereby. Any vacancy in office shall be filled in the same manner as is provided herein for the original appointment to such office. Any two or more offices, except those of President and Secretary, may be held by the same person.

##### **SECTION 2. *Chairman of the Board of Directors.***

The Chairman of the Board of Directors shall, subject to the direction of the Board of Directors, preside at all meetings of the Board of Directors and shall have such other powers and duties as may be assigned to or vested in him from time to time by the Board of Directors or by the Executive Committee.

##### **SECTION 3. *President.***

The President shall be chief executive officer of the Corporation and as such shall have general supervision and control over all the affairs of the Corporation, its officers and employees, not herein otherwise provided. He shall appoint all committees not otherwise ordered by the Board of Directors and shall preside at all meetings of the shareholders. In the absence of the Chairman of the Board of Directors or his inability to act the President shall preside at the meetings of the Board of Directors. The President shall also have such other duties and powers as may be assigned to or vested in him from time to time by the Board of Directors or by the Executive Committee. During the absence of the President or his inability to act, he shall designate an officer or official of the Corporation to act in his place and stead with all the powers of the President during such period.

##### **SECTION 4. *Vice President.***

The Vice President, or, if there be more than one, the Vice Presidents, shall have such duties and powers, in addition to those provided by law or in these By-Laws, as may be assigned to or vested in him or them from time to time by the Board of Directors, by the Executive Committee or by the chief executive officer.

##### **SECTION 5. *Secretary.***

The Secretary shall keep, or cause to be kept, the minutes of the meetings of the shareholders and of the Board of Directors and the written record of action of committees appointed by the Board of Directors, shall issue, or cause to be issued, notices of all meetings for which notice is required to be given, shall have charge of the corporate record books and the seal of the Corporation, shall prepare or cause to be prepared for each meeting of shareholders the list of shareholders referred to in Section 2 of Article IV hereof, and shall have such other duties and powers, in addition to those provided by law or these By-Laws, as may be assigned to him from time to time by the Board of Directors, by the Executive Committee, or by the chief executive officer.



#### **SECTION 6. *Treasurer.***

The Treasurer shall have the custody of all moneys and securities of the Corporation and shall keep adequate and correct accounts of the Corporation's receipts and disbursements. The funds of the Corporation shall be deposited in the name of the Corporation by the Treasurer in such depositories as the Board of Directors may from time to time designate. The Treasurer shall have such other duties and powers, in addition to those provided by law or in these By-Laws, as may be assigned to or vested in him from time to time by the Board of Directors, by the Executive Committee, or by the chief executive officer. The Board of Directors shall require the Treasurer to give bond, in such amount and with such surety or sureties as it may specify, for the faithful discharge of his duties.

#### **SECTION 7. *Other Officers.***

Other officers of the Corporation shall have such duties and powers as may be assigned to or vested in them from time to time by the Board of Directors, by the Executive Committee, or by the chief executive officer.

#### **SECTION 8. *Authority to Sign.***

Stock certificates shall be signed as provided in Article I hereof. Except as otherwise specifically provided by the Board of Directors or by the Executive Committee, checks, notes, drafts and contracts of the Corporation, and any other instruments authorized by the Board of Directors or by the Executive Committee, shall be executed and delivered on behalf of the Corporation by the Chairman of the Board of Directors or the President, or a Vice President, and by the Secretary or an Assistant Secretary or the Treasurer or an Assistant Treasurer.

#### **SECTION 9. *Compensation.***

The Board of Directors shall fix the compensation of the Chairman of the Board of Directors and of the President and shall fix, or authorize the Chairman of the Board of Directors or the President or a committee appointed by the Board of Directors to fix, the compensation of any or all other officers.

### **ARTICLE VII.**

#### **BOOKS, RECORDS, AND REPORTS**

The Corporation shall keep at its registered office in the Commonwealth of Pennsylvania an original or duplicate record of the proceedings of the shareholders and of the directors, and the original or a copy of its By-Laws, including all amendments or alterations thereto to date, certified by the Secretary. It shall also keep at its registered office, or at the office of a transfer agent or registrar within the Commonwealth of Pennsylvania, an original or a duplicate share register giving the names of the shareholders in alphabetical order, and showing their respective addresses, the number and classes of shares held by each, the number and date of certificates issued for the shares, and the number and date of cancellation of every certificate for shares surrendered for cancellation.

The Board of Directors may, but need not, cause a report to be sent to the shareholders pursuant to the Pennsylvania Business Corporation Law, and if such report is sent to the shareholders it need not be verified by a certified public accountant.

### **ARTICLE VIII.**

#### **INDEMNIFICATION OF DIRECTORS AND OFFICERS**

Each director and officer of the Corporation and each director or officer of any other corporation serving as such at the request of the Corporation because of the Corporation's interest in such other corporation as a stockholder or creditor, or the legal representative of any such director or officer, shall be indemnified by the Corporation against all costs, expenses, reasonable counsel fees and liabilities imposed, paid or incurred by him, in connection with any claim, action, suit or proceeding of whatsoever kind or nature or with which he may be threatened, by reason of his being or having been a director or officer of such corporation, or by reason of any action alleged to have been taken or omitted by him in any such capacity, except in relation to matters as to which he shall have been finally determined upon the merits in any such action, suit or proceeding to be liable for substantial negligence or wilful misconduct in the performance of the duties involved in the conduct of his office.

Expenses incurred in connection with any matters which shall have been the subject of any such claim, action, suit or proceeding, or a threat thereof, disposed of otherwise than by final determination on the merits, shall not be paid by the Corporation if, in relation to such matters, such director or officer shall be liable for substantial negligence or wilful misconduct in the performance of the duties involved in the conduct of his office. The Board of Directors of the Corporation, acting at a meeting at which a majority of a quorum is unaffected by self-interest, shall, in the above event, determine whether or not a director or officer claiming indemnification is liable for substantial negligence or wilful misconduct in the performance of the duties involved in the conduct of his office. If, however, a majority of a quorum of the Board which is unaffected by self-interest and is willing to act, is not obtainable, such determination shall be made by a committee of three (who need not be shareholders) chosen for such purpose by the shareholders at any annual or special meeting.

As used in this Article, expenses shall include amounts of judgments against, or amounts paid in settlement by, such director or officer, other than amounts paid to the Corporation itself.

Each person who shall act as a director or officer either of the Corporation or, pursuant to the provisions of this Article, such other corporation, shall be deemed to be doing so in reliance upon such right of indemnification. Such right of indemnification shall not be deemed exclusive of any other right to which such person may be entitled, under any other by-law, agreement, vote of shareholders, or otherwise.

## ARTICLE IX.

### MISCELLANEOUS

#### SECTION 1. *Offices.*

The Corporation may have such offices at such place or places as the Board of Directors may from time to time designate or the business of the Corporation may require.

#### SECTION 2. *Voting upon Shares Held by the Corporation.*

Unless otherwise ordered by the Board of Directors, the Chairman of the Board of Directors or the President or any Vice President or the Secretary or the Treasurer in person or by proxy or proxies appointed by any of them shall have full power and authority on behalf of the Corporation to vote, act and consent with respect to any shares of stock issued by other corporations which the Corporation may own or as to which the Corporation otherwise has the right to vote, act or consent.

#### SECTION 3. *Substitute Certificates.*

Any person claiming a certificate for shares of capital stock of the Corporation to have been lost, stolen or destroyed, shall make an affidavit or affirmation of that fact, give the Corporation and its transfer agent or agents and its registrar or registrars a bond of indemnity satisfactory to the Board of Directors and, if required by the Board of Directors, shall advertise the same in such manner as is so required, whereupon a new certificate may be issued of the same tenor and for the same or an equivalent number of shares as the one alleged to have been lost, stolen or destroyed.

#### SECTION 4. *Salaried Employees' Benefit Plans.*

Any plan or other arrangement for the payment to salaried employees or former salaried employees of any portion of the profits of the Corporation or of pensions or other retirement compensation or bonuses or other forms of additional compensation shall be effective only if and to the extent specifically authorized by the Board of Directors or the Executive Committee. Such authorization shall not be effective for a period of more than 12 months and may be revoked, amended or terminated at any time by the Board of Directors or the Executive Committee, but the foregoing provisions of this sentence shall not apply to any options granted under any stock option plan approved by action of the shareholders of the Corporation or to any pension or deferred profit sharing plans qualifying under the provisions of the Internal Revenue Code.

## ARTICLE X.

### AMENDMENT OF BY-LAWS

These By-Laws may be amended at any time by any one of the following methods, viz:

(a) At any annual or special meeting of the shareholders, of which due written notice shall have been mailed to each shareholder, stating specifically the existing by-laws and the proposed amendment thereto.

(b) At any regular or special meeting of the Board of Directors, by unanimous vote of all of the directors.

(c) By resolution of the Board of Directors duly adopted by vote of a majority of all of the directors, at any regular or special meeting of the Board, duly held at least five days subsequent to the date of the meeting of said Board at which such resolution is introduced. The notice provided by these By-Laws for such subsequent meeting shall specifically state the existing by-law and the resolution containing the proposed amendment thereto.

## **EXHIBIT D**

### **PROPOSED**

### **ARTICLE VIII**

#### **INDEMNIFICATION OF DIRECTORS AND OFFICERS**

Each director or officer or former director or officer of this Corporation, or any person who shall serve or may have served at its request as a director or as an officer of another corporation in which this Corporation owns shares of capital stock or of which it is or was a creditor, shall be indemnified by this Corporation against reasonable expenses actually and necessarily incurred by him in connection with the defense or settlement of any action, suit or proceeding in which he is made a party by reason of his being or having been a director or an officer of this Corporation, or of such other corporation, except in relation to matters as to which he shall be adjudged in such action, suit or proceeding to be liable for negligence or misconduct in the performance of his duties as such director or officer. The foregoing qualification shall not, however, prevent a settlement by this Corporation or such other corporation prior to final adjudication when such settlement appears to be in the interest of this Corporation or such other corporation. The right of indemnification herein provided shall not be deemed exclusive of any other rights to which he may be entitled, under any certificate of incorporation or other certificate filed pursuant to law, by-law, agreement, vote of shareholders, or otherwise.